Public Accounts

of the province of

Prince Edward Island

Volume II

Details of Revenues and Expenditures
Financial Statements of Agencies and Crown Corporations

For the Year Ended March 31st

2002

Province of Prince Edward Island
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For the Fiscal Year Ended March 31, 2002

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Summary

Of

Ordinary Revenues And Expenditures

For the Year Ended March 31, 2002

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2002

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Department of Agriculture & Forestry				
Corporate and Financial Services	10,622,483	1,139,252	18,200	9,465,031
Strategic Planning and Measurement	612,927	-	-	612,927
Forestry and Land Resource Modelling	5,360,498	-	937,622	4,422,876
Farm Extension and Market Development	3,778,636	68,740	7,690	3,702,206
Regulatory and Lab Services	4,156,721	504,556	367,914	3,284,251
Industry Development	6,818,135	485,578	2,248	6,330,309
TOTAL Agriculture & Forestry	31,349,400	2,198,126	1,333,674	27,817,600
PEI Grain Elevators Corporation				
PEI Grain Elevators Corporation	165,000	-	-	165,000
TOTAL PEI Grain Elevators Corporation	165,000	-	-	165,000
Office of the Attorney General				
Administration	93,999	-	-	93,999
Justice Policy	656,398	-	-	656,398
Legal and Judicial Services	15,709,167	811,024	2,632,162	12,265,981
Consumer, Corporate and Insurance	1,248,115	221,650	12,779,139	(11,752,674)
Crown Attorney	933,599	-	-	933,599
Community and Correctional Services	11,212,086	2,669,692	228,638	8,313,756
TOTAL Attorney General	29,853,364	3,702,366	15,639,939	10,511,059
Auditor General				
Administration	1,138,267	-	-	1,138,267
TOTAL Auditor General	1,138,267	-	-	1,138,267
Department of Community and Cultural Affairs				
Policy and Administration	8,359,856	3,953,887	745,050	3,660,919
Planning and Inspection Services	5,054,574	641,247	746,394	3,666,933
Labour and Industrial Relations	498,339	-	100,226	398,113
Provincial Libraries and Public Archives	2,009,470	59,100	-	1,950,370
Culture, Heritage, Recreation and Sports	3,460,909	379,150	-	3,081,759
P.E.I. Museum and Heritage Foundation	737,698	-	-	737,698
TOTAL Community and Cultural Affairs	20,120,846	5,033,384	1,591,670	13,495,792
Department of Development and Technology				
Departmental Management	576,393	-	1,494	574,899
Policy and Planning	583,109	150,000	15,000	418,109
Energy Development	243,363	-	45,335	198,028
Access PEI	2,581,884	179,490	30,868	2,371,526
Community and Labour Market Development	2,661,658	-	-	2,661,658
Infrastructure Support	1,678,112	59,625	336,900	1,281,587
Regional Economic Development Agreement	-	565,103	-	(565,103)
TOTAL Development and Technology	8,324,519	954,218	429,597	6,940,704

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2002

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Technology Asset Management				
Technology Asset Management	1,630,748	-	-	1,630,748
TOTAL Technology Asset Management	1,630,748	-	-	1,630,748
PEI Business Development Inc				
PEI Business Development Inc	28,859,100	3,500	275,000	28,580,600
TOTAL PEI Business Development Inc	28,859,100	3,500	275,000	28,580,600
Employment Development Agency				
Management	407,977	-	-	407,977
Forestry Projects	-	-	-	-
Job Creation and Placement	3,615,223	-	-	3,615,223
Jobs for Youth	1,050,583	-	-	1,050,583
TOTAL Employment Development Agency	5,073,783	-	-	5,073,783
PEI Energy Corporation				
Operations	312,900	-	-	312,900
TOTAL PEI Energy Corporation	312,900	-	-	312,900
Department of Education				
Corporate Planning	358,025	-	-	358,025
Corporate Services & School Board Operations	141,550,412	5,057,143	1,070,088	135,423,181
Public Education	2,893,502	-	1,825,720	1,067,782
English Programs	3,729,042	251,162	1,000	3,476,880
French Programs	2,169,237	-	-	2,169,237
Student Services	2,115,206	-	-	2,115,206
Continuing Education and Training	49,123,777	3,772,382	9,640	45,341,755
TOTAL Department of Education	201,939,201	9,080,687	2,906,448	189,952,066
Island Regulatory and Appeals Commission				
General	1,065,100	-	-	1,065,100
TOTAL Island Regulatory and Appeals Comm.	1,065,100	-	-	1,065,100
Executive Council				
Premiers Office	585,173	-	-	585,173
Executive Council Office	1,091,575	-	-	1,091,575
Planning and Research	149,681	16,214	-	133,467
Intergovernmental Affairs	228,394	-	-	228,394
Acadian and Francophone Affairs	573,257	338,250	-	235,007
Freedom of Information	290,014	-	-	290,014
TOTAL Executive Council	2,918,094	354,464	-	2,563,630

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2002

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Department of Fisheries, Aquaculture & Environment				
Department Management	252,604	-	-	252,604
Pollution Prevention	1,750,578	-	75,035	1,675,543
Water Resources	1,538,508	85,093	403,292	1,050,123
Fish and Wildlife	1,570,454	30,974	458,810	1,080,670
Administration	426,854	-	-	426,854
Corporate Services	197,444	-	-	197,444
Fisheries and Aquaculture	3,550,056	22,500	57,691	3,469,865
TOTAL Fisheries, Aquaculture & Environment	9,286,498	138,567	994,828	8,153,103
Department of Health and Social Services				
Corporate Services	1,486,844	20,200	-	1,466,644
Office of the Chief Health Officer	469,162	-	-	469,162
Medical Services	43,118,338	-	47,939	43,070,399
Finance and Administration	7,950,967	3,044,329	989,622	3,917,016
Health Informatics and Vital Statistics	8,989,978	1,577,580	282,798	7,129,600
Acute and Continuing Care	23,150,545	-	3,697	23,146,848
Public Health and Evaluation Services	1,736,094	319,196	284,575	1,132,323
Child, Family and Community Services	5,724,223	1,079,285	3,025	4,641,913
In-Province Acute Care Hospitals	100,382,900	-	-	100,382,900
Regional Services	157,423,031	280,931	18,726,895	138,415,205
TOTAL Health and Social Services	350,432,082	6,321,521	20,338,551	323,772,010
East Prince Health Facility				
East Prince Health Facility	20,141,476	-	-	20,141,476
TOTAL East Prince Health Facility	20,141,476	-	-	20,141,476
Legislative Assembly				
Legislative Services	1,260,123	-	-	1,260,123
Members	1,458,038	-	-	1,458,038
Office of the Conflict of Interest Commissioner	19,487	-	-	19,487
Elections	184,275	-	-	184,275
TOTAL Legislative Assembly	2,921,923	-	-	2,921,923
Department of the Provincial Treasury				
Administration	416,456	-	112,180	304,276
Fiscal Management	866,378	371,883,469	183,431,171	(554,448,262)
Policy and Evaluation	485,810	-	226,443	259,367
Taxation and Property Records	5,885,927	-	285,939,492	(280,053,565)
Office of the Comptroller	1,514,495	-	355,900	1,158,595
Information Services	3,335,179	-	52,508	3,282,671
Economics, Statistics & Federal Fiscal Relations	440,504	-	-	440,504
Information Technology Management Group	5,303,862	-	525,416	4,778,446
TOTAL Department of the Provincial Treasury	18,248,611	371,883,469	470,643,110	(824,277,968)

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2002

	Expenditures	Federal Revenue	Provincial Revenue	Net Expenditures (Revenue)
	$	$	$	$
General Government				
Miscellaneous General	250,257	-	-	250,257
Grants	1,939,687	-	54,124	1,885,563
Government Insurance Program	886,034	-	45,481	840,553
Contingency Fund	3,392,017	-	-	3,392,017
TOTAL General Government	6,467,995	-	99,605	6,368,390
PEI Lending Agency				
General	733,900	-	-	733,900
TOTAL PEI Lending Agency	733,900	-	-	733,900
Council of Maritime Premiers				
Atlantic Provinces Education Foundation	12,097	-	-	12,097
Council of Maritime Premiers Secretariat	81,014	-	-	81,014
Maritime Municipal Training & Development Brd	16,198	-	-	16,198
Maritime Prov. Higher Education Commission	62,067	-	-	62,067
Geomatics Board	12,280	-	-	12,280
TOTAL Council of Maritime Premiers	183,656	-	-	183,656
Interministerial Women's Secretariat				
Interministerial Women's Secretariat	321,753	-	-	321,753
TOTAL Interministerial Women's Secretariat	321,753	-	-	321,753
Public Service Commission				
Management	227,199	-	-	227,199
Classification and Labour Relations	1,358,604	-	8,300	1,350,304
Learning and Staff Development	1,066,151	100,000	282,149	684,002
Staffing and Human Resource Planning	1,045,632	22,400	506,300	516,932
Corporate Services, Systems & Administration	1,602,102	-	229,688	1,372,414
TOTAL Public Services Commission	5,299,688	122,400	1,026,437	4,150,851
Employee Benefits				
Medical / Life Benefits	159,972	-	-	159,972
Employees' Future Benefits	10,442,424	-	-	10,442,424
Government Pension Contribution	5,184,303	1,821	-	5,182,482
Pension Management	167,155	-	-	167,155
TOTAL Employee Benefits	15,953,854	1,821	-	15,952,033

PROVINCE OF PRINCE EDWARD ISLAND
SUMMARY OF ORDINARY REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2002

	Expenditures $	Federal Revenue $	Provincial Revenue $	Net Expenditures (Revenue) $
Department of Tourism				
Department Management	90,225	-	-	90,225
TOTAL Tourism	90,225	-	-	90,225
Tourism PEI				
Tourism PEI Inc	11,702,667	61,880	1,196,932	10,443,855
TOTAL Tourism PEI	11,702,667	61,880	1,196,932	10,443,855
Liquor Control Commission				
General	-	-	10,178,306	(10,178,306)
TOTAL Liquor Control Commission	-	-	10,178,306	(10,178,306)
Department of Transportation and Public Works				
Departmental Management	1,699,748	-	3,098	1,696,650
Highway Safety Operations	2,329,300	301,027	11,365,765	(9,337,492)
Environmental Management	373,139	-	-	373,139
Highway Maintenance Operations	39,834,825	-	573,829	39,260,996
Public Works Operations	14,236,433	-	365,894	13,870,539
Capital Project Division	9,975,078	300,000	27,350	9,647,728
Planning, Development & Building Construction	1,455,632	-	85	1,455,547
Provincial Waste Management	930,985	-	-	930,985
TOTAL Transportation and Public Works	70,835,140	601,027	12,336,021	57,898,092
Interest Charges on Debt				
Interest	104,971,580	-	12,893,205	92,078,375
Amortization of Debenture Discount	651,254	-	-	651,254
TOTAL Debt Charges	105,622,834	-	12,893,205	92,729,629
TOTAL PROVINCE	**950,992,624**	**400,457,430**	**551,883,323**	**(1,348,129)**

Details

Of

Ordinary Revenues With Estimates

For the Year Ended March 31, 2002

DEPARTMENT OF AGRICULTURE AND FORESTRY

	REVENUE $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Fees and Services		
Miscellaneous	18,200	-
	18,200	-
Farm Income Risk Management		
Federal		
Crop Insurance	401,213	353,200
Miscellaneous	738,039	-
	1,139,252	353,200
Total Corporate and Financial Services	**1,157,452**	**353,200**
FORESTRY AND LAND RESOURCE MODELLING		
Production Development		
Sales		
JF Gaudet Tree Nursery	108,140	130,000
	108,140	130,000
Provincial Forests Program		
Sales		
Forestry Sales	259,294	254,600
	259,294	254,600
Private Land Program		
Fees and Services		
Forestry Establishment Fees	62,326	75,000
Forestry Checkoff	276,677	303,000
	339,003	378,000
Resource Inventory and Modelling		
Fees and Services		
Special Funds	192,800	192,800
Miscellaneous	-	30,000
Sales		
Miscellaneous	38,385	5,500
	231,185	228,300
Total Forestry and Land Resource Modelling	**937,622**	**990,900**
FARM EXTENSION AND MARKET DEVELOPMENT		
Division Management		
Licenses and Permits		
Miscellaneous	40	-
	40	-

DEPARTMENT OF AGRICULTURE AND FORESTRY

Continued

	REVENUE $	ESTIMATES $
Farm Business Management Initiative		
Federal		
Farm Business Management	68,740	100,000
Fees and Services		
Miscellaneous	5,613	-
	74,353	100,000
Farm Extension Services		
Fees and Services		
Miscellaneous	825	1,500
Sales		
Miscellaneous	1,212	-
	2,037	1,500
Total Farm Extension and Market Development	**76,430**	**101,500**
REGULATORY AND LAB SERVICES		
Division Management/Regulatory Services		
Federal		
Miscellaneous	504,556	1,000,000
Licenses and Permits		
Miscellaneous	1,267	2,400
	505,823	1,002,400
Soil and Feed Lab		
Fees and Services		
Soil and Feed Lab Fees	157,644	120,000
Miscellaneous	5	-
	157,649	120,000
Plant Health and Diagnostics Program		
Fees and Services		
Miscellaneous	49,580	130,400
	49,580	130,400
Dairy Lab		
Fees and Services		
Dairy Lab Fees	44,055	12,600
Revenue Tax	93	-
	44,148	12,600
Pesticides Regulatory Program		
Licenses and Permits		
Miscellaneous	2,150	2,000
Fees and Services		
Miscellaneous	5,159	3,500
Sales		
Miscellaneous	1,771	1,000
	9,080	6,500
Potato Quality Program		
Fees and Services		
Disinfection Fees	106,190	200,000
	106,190	200,000
Total Regulatory and Lab Services	**872,470**	**1,471,900**

DEPARTMENT OF AGRICULTURE AND FORESTRY

Continued

	REVENUE $	ESTIMATES $
INDUSTRY DEVELOPMENT		
Division Management / Industry Development		
Federal		
Atlantic Freight Assistance Transition Program	364,605	450,000
	364,605	450,000
PRDP Agriculture		
Federal		
Economic Regional Development Agreement	120,973	160,000
	120,973	160,000
Sustainable Agriculture Resources		
Fees and Services		
Special Funds	-	570,000
Miscellaneous	2,248	-
	2,248	570,000
Total Industry Development	**487,826**	**1,180,000**
TOTAL AGRICULTURE AND FORESTRY	**3,531,800**	**4,097,500**

OFFICE OF THE ATTORNEY GENERAL

	REVENUE $	ESTIMATES $
JUSTICE POLICY		
Justice/Correction Policy		
Federal		
Safer Communities Strategy	-	17,600
	-	17,600
Total Justice Policy	-	**17,600**
LEGAL AND JUDICIAL SERVICES		
Administration		
Federal		
Miscellaneous	141,705	50,000
	141,705	50,000
Judicial Services		
Fees and Services		
Court Fees	118,779	140,000
Probate Court Fees	212,230	160,900
Fines & Penalties	635,842	635,000
Miscellaneous	-	-
	966,851	935,900
Sheriff's Office		
Fees and Services		
Sheriff Fees	165,555	165,000
	165,555	165,000
Legal Aid		
Federal		
Legal Aid	346,680	261,000
	346,680	261,000
RCMP		
Fees and Services		
RCMP Recoveries	700,000	710,000
	700,000	710,000
Courthouse Automation Project		
Federal		
Miscellaneous	67,925	-
Fees and Services		
Probate Court Fees	799,756	861,000
	867,681	861,000
Family Law		
Federal		
Maintenance Enforcement	184,265	-
Miscellaneous	70,449	120,000
Fees and Services		
Miscellaneous	-	-
	254,714	120,000
Total Legal and Judicial Services	**3,443,186**	**3,102,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Licenses and Permits		
Companies Act	336,478	326,000
Registration and Licensing Act	652,601	575,000
Securities Act	1,609,731	1,000,000
Corporation Securities Act	175	-
Securities, Brokers and Salesmen	1,113,950	700,000
Partnership Act	95,430	80,000
Fees and Services		
Company Inspection Fees	18,140	5,000
Miscellaneous	6,065	700
	3,832,570	2,686,700
Consumer Services		
Federal		
Gun Control	221,650	220,000
Licenses and Permits		
Motor Vehicle Licenses and Permits	5	
Securities Act	-	-
Provincial Lotteries	260,921	235,000
Film Act	4,380	5,000
P.I. Security Guards Act	11,010	10,000
Collecting Agency Act	8,000	4,000
Direct Sellers Act	4,750	7,000
Auctioneers Act	2,350	1,200
Miscellaneous	24,381	35,000
Fees and Services		
Revenue Tax	10	-
	537,457	517,200
Insurance Services		
Licenses and Permits		
Insurance Act	163,575	140,000
Real Estate Agents	19,675	5,000
Miscellaneous	-	60,000
Fees and Services		
Third Party Insurance	1,906,074	1,500,000
Miscellaneous	1,925	8,000
Taxes		
Insurance Premium Taxes	6,194,898	5,200,000
Fire Prevention Tax Act	344,615	250,000
	8,630,762	7,163,000
Total Consumer, Corporate and Insurance	**13,000,789**	**10,366,900**

OFFICE OF THE ATTORNEY GENERAL

Continued

	REVENUE $	ESTIMATES $
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Federal		
Young Offenders	2,434,951	2,292,600
	2,434,951	2,292,600
Provincial Correctional Centre		
Federal		
Exchange of Service Agreement	75,000	75,000
Sales		
Meals	14,818	9,000
	89,818	84,000
Prince County Correctional Centre		
Sales		
Meals	3,001	3,500
	3,001	3,500
Probation/Family Counseling		
Fees and Services		
Miscellanous	-	-
	-	-
Tyne Valley Youth Centre		
Sales		
Meals	6,322	4,800
	6,322	4,800
Georgetown Youth Centre		
Federal		
Special Income Assistance	382	-
Sales		
Meals	5,419	6,000
	5,801	6,000
Summerside Youth Centre		
Federal		
Special Income Assistance	35,159	-
Allowance for Young Offenders	-	32,000
Sales		
Meals	23,298	37,200
	58,457	69,200
Victim Services		
Federal		
Miscellaneous	124,200	-
Fees and Services		
Court Fees	-	-
RCMP Recoveries	-	-
Victims Surcharge-Federal	48,998	34,000
Victims Surcharge-Provincial	126,782	140,000
Miscellaneous	-	-
	299,980	174,000
Total Community and Correctional Services	**2,898,330**	**2,634,100**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**19,342,305**	**16,121,500**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	REVENUE $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Sales		
Miscellaneous	50	1,000
	50	1,000
Infrastructure		
Federal		
Infrastructure	3,953,887	2,146,000
Licenses and Permits		
Auctioneers Act	-	-
Fees and Services		
Special Funds Revenue	745,000	1,700,000
	4,698,887	3,846,000
Total Policy and Administration	**4,698,937**	**3,847,000**
PLANNING AND INSPECTION SERVICES		
Administration		
Fees and Services		
Sub Division Permits	150	-
Sales		
Geomatics Services	14,951	-
	15,101	-
Provincial Planning		
Licenses and Permits		
Sewage Disposal Permits	40	-
	40	-
Building and Development		
Licenses and Permits		
Sub-Division Permits	56,320	40,000
Sewage Disposal Permits	89,147	80,000
Building Permits	110,523	80,000
Fees and Services		
Entry Way Permits	1,275	-
Sales		
Geomatics Services	99	-
	257,364	200,000
Emergency Measures Organization		
Federal		
Miscellaneous	409,191	-
	409,191	-
Joint Emergency Preparedness Projects		
Federal		
Emergency Measures Organization	157,000	155,100
	157,000	155,100

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS Continued

	REVENUE $	ESTIMATES $
Electrical Inspection		
Fees and Services		
Electrical Inspection Fees	265,701	267,000
Books	56	-
Miscellaneous	5	
	265,762	267,000
Boiler and Plumbing Inspection		
Federal		
Federal Boiler Inspection Fees	75,056	50,000
Fees and Services		
Plumbing Permits	77,624	50,000
Boiler Inspection Fees	95,960	117,000
Engineers Fees	22,436	25,000
Sign Fees	20	-
	271,096	242,000
911 Project		
Federal		
French Services	-	-
Sales		
Sign Fees	12,087	-
Miscellaneous	-	202,000
	12,087	202,000
Total Planning and Inspection Services	**1,387,641**	**1,066,100**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Fees and Services		
Fees - Workers Compensation Board	100,226	79,500
Total Labour and Industrial Relations	**100,226**	**79,500**
PROVINCIAL LIBRARIES AND PUBLIC ARCHIVES		
French Library Services		
Federal		
French Services	59,100	42,800
Fees and Services		
Miscellaneous	-	-
Sales		
Miscellaneous	-	3,000
Total Provincial Libraries and Public Archives	**59,100**	**45,800**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS Continued

	REVENUE $	ESTIMATES $
CULTURE, HERITAGE, RECREATION AND SPORTS		
Culture and Heritage		
Federal		
French Services	379,150	501,500
	379,150	501,500
Public Archives and Records Office		
Federal		
Miscellaneous	-	20,000
Sales		
Miscellaneous	-	3,000
	-	23,000
Total Culture, Heritage, Recreation and Sports	**379,150**	**524,500**
TOTAL COMMUNITY & CULTURAL AFFAIRS	**6,625,054**	**5,562,900**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	REVENUE $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Sales		
Miscellaneous	1,494	-
Total Departmental Management	**1,494**	**-**
POLICY AND PLANNING		
Administration		
Federal		
Miscellaneous	150,000	170,000
Fees and Services		
Miscellaneous	15,000	-
Total Policy and Planning	**165,000**	**170,000**
ENERGY DEVELOPMENT		
Energy Development		
Licenses & Permits		
Gas & Oil Licenses	45,335	50,000
Total Energy Development	**45,335**	**50,000**
ACCESS PEI		
Management		
Federal		
French Language Training	27,000	27,000
Fees and Services		
Miscellaneous	-	38,500
	27,000	65,500
Summerside Access PEI		
Federal		
French Language Training	66,790	60,000
Fees and Services		
Miscellaneous	3,291	-
Sales		
Miscellaneous	315	4,000
	70,396	64,000
Souris Access PEI		
Federal		
French Language Training	-	-
Sales		
Miscellaneous	2,183	1,500
	2,183	1,500

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	REVENUE $	ESTIMATES $
West Prince RSC		
Federal		
French Language Training	4,000	6,000
Sales		
Miscellaneous	4,232	12,500
	8,232	18,500
Southern Kings and Queens RSC		
Sales		
Miscellaneous	7,308	3,000
	7,308	3,000
Evangeline RSC		
Federal		
French Language Training	52,000	50,000
Sales		
Miscellaneous	8,245	6,000
Revenue Tax	849	-
	61,094	56,000
Tignish and Area Government Services Centre		
Federal		
French Language Training	26,700	26,700
Licenses and Permits		
Motor Vehicle Licenses and Permits	-	-
Sales		
Miscellaneous	605	-
	27,305	26,700
Riverside Drive Access PEI		
Federal		
French Language Training	3,000	3,000
Stratford Access PEI		
Sales		
Miscellaneous	3,840	-
	3,840	-
Total Access PEI	**210,358**	**238,200**
INFRASTRUCTURE SUPPORT		
Federal		
French Language Training	9,600	9,600
Community & Labour Market Development	50,025	60,000
Fees and Services		
Workshop Fees	-	-
Special Funds	336,900	-
Total Infrastructure Support	**396,525**	**69,600**
REGIONAL ECONOMIC DEVELOPMENT AGREEMENT		
Federal		
Economic Regional Development Agreement	565,103	-
Fees and Services		
Special Funds	-	-
Total Regional Economic Development Agreement	**565,103**	**-**
TOTAL DEPARTMENT OF DEVELOPMENT & TECHNOLOGY	**1,383,815**	**527,800**

P.E.I. BUSINESS DEVELOPMENT INC.

	REVENUE $	ESTIMATES $
BUSINESS DEVELOPMENT		
Official Language		
Federal		
French Language Training	3,500	3,500
	3,500	3,500
Technology PEI		
Federal		
Technology PEI Community Access	-	280,000
Fees and Services		
Special Funds	275,000	275,000
	275,000	555,000
TOTAL P.E.I. BUSINESS DEVELOPMENT INC	**278,500**	**558,500**

EMPLOYMENT DEVELOPMENT AGENCY

	REVENUE $	ESTIMATES $
JOB CREATION AND PLACEMENT		
Federal		
Community and Labour Market Development	-	205,600
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**-**	**205,600**

DEPARTMENT OF EDUCATION

	REVENUE $	ESTIMATES $
CORPORATE SERVICES AND SCHOOL BOARD OPERATIONS		
Administration		
Federal		
Miscellaneous	1,079	-
Fees and Services		
Miscellaneous	41,780	128,400
Sales		
Miscellaneous	1,911	-
	44,770	128,400
Systems and Technology Services		
Federal		
Miscellaneous	88,640	71,600
Fees and Services		
Miscellaneous	37	-
	88,677	71,600
Grants to School Boards		
Federal		
Minority & Second Language	4,959,000	4,959,000
Miscellaneous	8,424	-
Fees and Services		
Tuition Reimbursement	358,360	250,500
Special Funds	500,000	1,350,000
Sales		
Land	168,000	200,000
	5,993,784	6,759,500
Total Corporate Services and School Board Operations	**6,127,231**	**6,959,500**
PUBLIC EDUCATION		
General		
Fees and Services		
High School Testing Fees	14,520	-
	14,520	-
Kindergarten		
Fees and Services		
Special Funds	1,811,200	1,811,200
	1,811,200	1,811,200
Total Public Education	**1,825,720**	**1,811,200**
ENGLISH PROGRAMS		
Programs - General		
Fees and Services		
Tuition Reimbursement	1,000	-
High School Testing Fees	-	2,500
	1,000	2,500

DEPARTMENT OF EDUCATION

Continued

	REVENUE $	ESTIMATES $
Technology		
Federal		
Miscellaneous	251,162	-
	251,162	-
Total English Programs	**252,162**	**2,500**
CONTINUING EDUCATION AND TRAINING		
General		
Federal		
Canada Employment	-	3,552,000
French Language Training	1,800	-
Student Loan Administration	-	216,000
Fees and Services		
High School Testing Fees	40	-
	1,840	3,768,000
Apprenticeship and Training		
Fees and Services		
Miscellaneous	9,600	6,200
	9,600	6,200
Post Secondary Grants		
Federal		
Student Loan Administration	218,582	-
Community & Labour Market Development	3,552,000	-
	3,770,582	-
Total Continuing Education and Training	**3,782,022**	**3,774,200**
TOTAL DEPARTMENT OF EDUCATION	**11,987,135**	**12,547,400**

EXECUTIVE COUNCIL

	REVENUE $	ESTIMATES $
PLANNING AND RESEARCH		
Planning ERDA		
Federal		
Economic Regional Development	16,214	-
Total Planning and Research	**16,214**	**-**
ACADIAN AND FRANCOPHONE AFFAIRS		
Acadian and Francophone Affairs		
Federal		
French Language Training	333,000	283,000
Miscellaneous	-	-
	333,000	283,000
Acadian Communities Advisory Council		
Federal		
French Language Training	5,250	6,700
	5,250	6,700
Total Acadian and Francophone Affairs	**338,250**	**289,700**
TOTAL EXECUTIVE COUNCIL	**354,464**	**289,700**

DEPARTMENT OF FISHERIES, AQUACULTURE AND ENVIRONMENT

	REVENUE $	ESTIMATES $
POLLUTION PREVENTION		
Administration		
Licenses and Permits		
Miscellaneous	4,950	2,000
	4,950	2,000
Air and Hazardous Materials		
Licenses and Permits		
Ozone Permits	11,275	7,500
Air Quality Permits	800	1,000
Junkyard Licenses	3,920	3,000
Miscellaneous	9,804	-
Fees and Services		
Miscellaneous	12,000	-
Sales		
Miscellaneous	30,536	6,900
	68,335	18,400
Pollution Prevention		
Licenses and Permits		
Miscellaneous	1,750	-
Fees and Services		
Miscellaneous	-	13,000
	1,750	13,000
Total Pollution Prevention	**75,035**	**33,400**
WATER RESOURCES		
Rivers and Estuaries		
Federal		
Miscellaneous	5,093	-
Licenses and Permits		
Irrigation Permits	5,100	8,000
Radiation Surveillance	20,912	20,000
Fees and Services		
Sand Mining	15,269	10,500
	46,374	38,500
Groundwater		
Licenses and Permits		
Well Drillers Licenses	400	1,200
	400	1,200
Engineering and Utilities		
Licenses and Permits		
Septic Pumper Licenses	400	-
Fees and Services		
Site Assessment	200	-
Sales		
Geomatics Services	48,530	45,000
	49,130	45,000

DEPARTMENT OF FISHERIES, AQUACULTURE AND ENVIRONMENT Continued

	REVENUE $	ESTIMATES $
Microbiology Lab		
Licenses and Permits		
Radiation Surveillance	199,809	59,000
Water Certification	112,672	130,000
	312,481	189,000
Shellfish Program		
Federal		
Shellfish Monitoring	80,000	55,000
	80,000	55,000
Total Water Resources	**488,385**	**328,700**
FISH AND WILDLIFE		
Adminsitration		
Federal		
Migratory Bird Program	2,376	3,000
Miscellaneous	18,600	-
Licenses and Permits		
Fish and Game Licenses	166,074	355,500
Miscellaneous	121,507	-
Fees and Services		
Firearm Safety Administration	10,500	10,500
Course Fees - Firearm Safety	16,405	10,000
Sales		
Miscellaneous	11,949	5,000
	347,411	384,000
Wetland Management		
Federal		
Wetland Management	9,998	10,000
Fees and Services		
Wetland Management Program	132,375	140,200
	142,373	150,200
Total Fish and Wildlife	**489,784**	**534,200**
FISHERIES AND AQUACULTURE		
Services		
Fees and Services		
Miscellaneous	31,737	30,000
	31,737	30,000
Marine Fisheries		
Federal		
Miscellaneous	20,000	-
	20,000	-

DEPARTMENT OF FISHERIES, AQUACULTURE AND ENVIRONMENT Continued

	REVENUE $	ESTIMATES $
Aquaculture		
Federal		
Miscellaneous	2,500	-
Sales		
Miscellaneous	25,954	5,000
	28,454	5,000
Total Fisheries and Aquaculture	**80,191**	**35,000**
TOTAL FISHERIES, AQUACULTURE & ENVIRONMENT	1,133,395	931,300

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	REVENUE $	ESTIMATES $
CORPORATE SERVICES		
Corporate and Strategic Planning		
Federal		
French Language Training	1,200	-
	1,200	-
Human Resource Management		
Federal		
French Language Training	19,000	25,000
	19,000	25,000
Total Corporate Services	**20,200**	**25,000**
MEDICAL SERVICES		
Medicare Services		
Fees and Services		
Miscellaneous	32,620	3,000
Sales		
Miscellaneous	15,319	4,000
Total Medical Services	**47,939**	**7,000**
FINANCE AND ADMINISTRATION		
Finance and Administration		
Federal		
French Language Training	-	-
Children-In-Care Special Allowance	399,092	360,000
Housing Federal Revenue	2,096,434	2,070,100
Maintenance of Indian Children in Care	144,325	140,000
Miscellaneous	404,478	-
Fees and Services		
Patient Fees	23,148	-
Gertrude Cotton Trust	4,300	5,000
Special Funding	215,000	-
Miscellaneous	6,720	5,000
Sales		
Home Housing Authority	24,629	100,000
Miscellaneous	237	-
Investment - Agencies & Crown Corporation Surpluses	694,676	700,000
	4,013,039	3,380,100
Financial Planning		
Fees and Services		
OP / Maintenance	20,912	30,000
	20,912	30,000
Total Finance and Administration	**4,033,951**	**3,410,100**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES Continued

	REVENUE $	ESTIMATES $
HEALTH INFORMATICS AND VITAL STATISTICS		
ISM / PACS Projects		
Federal		
Maintenance Enforcement	70,449	-
Miscellaneous	1,507,131	-
	1,577,580	-
Vital Statistics		
Licenses and Permits		
Marriage Licenses	74,060	90,000
Fees and Services		
Vital Statistics Fees	208,738	175,400
	282,798	265,400
Total Health Informatics and Vital Statistics	**1,860,378**	**265,400**
ACUTE AND CONTINUING CARE		
General Office		
Licenses and Permits		
Miscellaneous	10	-
Fees and Services		
Miscellaneous	2,412	30,000
	2,422	30,000
Continuing Care		
Licenses and Permits		
Nursing Home Licenses	1,275	800
	1,275	800
Total Acute and Continuing Care	**3,697**	**30,800**
PUBLIC HEALTH AND EVALUATION SERVICES		
General Office		
Federal		
Miscellaneous	46	-
	46	-
Measurement and Accountability		
Fees and Services		
Special Funds	277,000	100,000
Sales		
Miscellaneous	75	-
	277,075	100,000

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	REVENUE $	ESTIMATES $
Epidemiology Unit		
Federal		
Miscellaneous	82,000	180,000
	82,000	180,000
Health Information Resource Centre		
Federal		
Miscellaneous	140,099	145,100
Fees and Services		
Miscellaneous	5,000	10,000
Sales		
Miscellaneous	2,500	-
	147,599	155,100
Heart Health Program		
Federal		
PEI Heart Health Program	15,000	40,000
	15,000	40,000
Reproductive Care Program		
Federal		
Miscellaneous	82,051	120,000
	82,051	120,000
Total Public Health and Evaluation Services	**603,771**	**595,100**
CHILD, FAMILY AND COMMUNITY SERVICES		
Child Welfare Services		
Fees and Services		
Adoption Fees	900	-
Sales		
Miscellaneous	200	-
	1,100	-
Community Services		
Federal		
Alcohol & Drug Treatment	304,285	405,000
Licenses and Permits		
Child Care Facility	1,850	4,000
	306,135	409,000
Income Security		
Federal		
Rehabilitation Program	625,000	1,000,000
Miscellaneous	150,000	-
License and Permits		
Child Care Facility	75	
Fees and Services		
Adoption Fees	-	1,000
	775,075	1,001,000
Total Child, Family and Community Services	**1,082,310**	**1,410,000**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	REVENUE $	ESTIMATES $
IN-PROVINCE ACUTE CARE HOSPITALS		
General		
Fees and Services		
Miscellaneous	-	700,000
Total In-Province Acute Care Hospitals	-	700,000
REGIONAL SERVICES		
Federal		
French Language Training	278,950	404,900
CPP Orphaned Child	1,981	-
Miscellaneous	-	73,200
Fees and Services		
Patient Fees	10,390,729	9,495,200
Professional Services	10,506	12,000
Meat Inspection	26,245	30,000
Housing Rental	4,459,938	4,406,900
Pre-Natal Registration	40	-
Homemaker Fees	31,610	28,700
Special Funds	3,500,000	3,500,000
Miscellaneous	56,582	57,500
Sales		
Meals	207,772	172,300
PHN Immunization Fees	39,622	28,200
Gift Shop Sales	-	1,800
Miscellaneous	3,851	-
Total Regional Services	19,007,826	18,210,700
TOTAL HEALTH AND SOCIAL SERVICES	26,660,072	24,654,100

LEGISLATIVE ASSEMBLY

	REVENUE $	ESTIMATES $
LEGISLATIVE SERVICES		
Fees and Services		
Miscellaneous	-	300
Total Legislative Services	-	300
TOTAL LEGISLATIVE ASSEMBLY	-	300

DEPARTMENT OF THE PROVINCIAL TREASURY

	REVENUE $	ESTIMATES $
ADMINISTRATION		
Federal		
CHST-Equipment Fund	-	2,259,000
Fees and Services		
Miscellaneous	112,180	117,400
Total Administration	112,180	2,376,400
FISCAL MANAGEMENT		
Administration		
Federal		
Equalization	282,304,000	275,000,000
Canada Health & Social Transfer	88,905,011	87,755,000
Statutory Subsidy	674,458	674,000
Taxes		
Personal Income Tax	156,384,935	153,600,000
Corporate Income Tax	27,046,236	28,520,700
Total Fiscal Management	555,314,640	545,549,700
POLICY AND EVALUATION		
Risk Management and Insurance		
Fees and Services		
Self Insurance Rebate	226,443	209,200
Miscellaneous	-	29,400
Total Policy and Evaluation	226,443	238,600

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
TAXATION AND PROPERTY RECORDS		
Administration		
Fees and Services		
Registry of Deeds Fees	1,862,530	1,400,000
Tax Certificate Fees	12,820	23,000
Sales		
Lottery Commission	14,249,373	15,000,000
Advertising Sales	5	-
Home Housing Authority	-	-
Microfiche Sales	6,841	7,300
Geomatics Library	7,703	35,000
Geomatics Services	104,158	115,000
Miscellaneous	11,797	11,000
Taxes		
Health Tax on Liquor	10,982,205	10,548,000
Health Tax on Tobacco	17,487,190	15,000,000
Real Property Tax	48,553,247	46,300,000
Revenue Tax	158,463,537	156,434,000
Gasoline Tax	32,238,833	34,000,000
Insurance Premium Tax	-	-
Corporation Capital Tax	1,678,033	1,650,000
Room Tax	-	-
Environmental Tax	281,220	200,000
Total Taxation and Property Records	285,939,492	280,723,300
OFFICE OF THE COMPTROLLER		
Expenditure Management		
Federal		
Miscellaneous	-	180,000
Fees and Services		
Miscellaneous	17,430	-
Sales		
Cheques Written Off	102,504	-
Books	884	-
Miscellaneous	208,087	-
Interest		
Miscellaneous	26,995	
Total Office of the Comptroller	355,900	180,000
INFORMATION SERVICES		
Document Publishing Centre		
Sales		
Miscellaneous	44,783	80,000
	44,783	80,000

DEPARTMENT OF THE PROVINCIAL TREASURY continued

	REVENUE $	ESTIMATES $
Multimedia Services		
Fees and Services		
Miscellaneous	4,864	5,500
Sales		
Miscellaneous	-	135,000
	4,864	140,500
Strategic Marketing and Design		
Sales		
Miscellaneous	2,861	5,000
	2,861	5,000
Total Information Services	**52,508**	**225,500**
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
IT Operations		
Sales		
Miscellaneous	183,923	336,100
Tax		
Revenue Tax	855	-
	184,778	336,100
Information Systems Delivery		
Sales		
Miscellaneous	298,380	497,200
Tax		
Revenue Tax	62	-
	298,442	497,200
Telecommunications		
Fees and Services		
Professional Services	-	64,600
Sales		
Miscellaneous	42,196	-
	42,196	64,600
Total Information Technology Management Group	**525,416**	**897,900**
TOTAL PROVINCIAL TREASURY	842,526,579	830,191,400

GENERAL GOVERNMENT

	REVENUE $	ESTIMATES $
GRANTS		
Investment		
Surplus - Crown Corporations and Agencies	54,124	-
Total Grants	**54,124**	**-**
GOVERNMENT INSURANCE PROGRAM		
Fees and Services		
Insurance Recoveries	17,355	-
Miscellaneous	28,126	10,000
Total Government Insurance Program	**45,481**	**10,000**
TOTAL GENERAL GOVERNMENT	99,605	10,000

PUBLIC SERVICE COMMISSION

	REVENUE $	ESTIMATES $
CLASSIFICATION AND LABOUR RELATIONS		
Classification Services		
Fees and Services		
Professional Services	5,000	10,000
Miscellaneous	3,300	-
Total Classification and Labour Relations	**8,300**	**10,000**
LEARNING AND STAFF DEVELOPMENT		
Learning Centre		
Fees and Services		
Miscellaneous	19,697	11,500
	19,697	11,500
Employee Assistance Programs		
Fees and Services		
Miscellaneous	60,000	60,000
	60,000	60,000
Occupational Health and Safety		
Fees and Services		
Miscellaneous	15,000	15,000
	15,000	15,000
Language Training		
Federal		
French Language Training	100,000	100,000
Fees and Services		
Miscellaneous	1,020	-
Sales		
Miscellaneous	186,432	102,600
	287,452	202,600
Total Learning and Staff Development	**382,149**	**289,100**
STAFFING AND HUMAN RESOURCES PLANNING		
Federal		
French Language Training	22,400	22,400
Fees and Services		
Miscellaneous	506,300	506,300
Total Staffing and Human Resources Planning	**528,700**	**528,700**

PUBLIC SERVICE COMMISSION continued

	REVENUE $	ESTIMATES $
CORPORATE SERVICES, SYSTEMS & ADMINISTRATION		
Systems and Administration		
Sales		
Miscellaneous	28,894	-
	28,894	-
Employee Benefits		
Fees and Services		
Recoverable Pension Cost	200,794	201,200
	200,794	201,200
Total Corporate Services, Systems & Administration	**229,688**	**201,200**
TOTAL PUBLIC SERVICE COMMISSION	1,148,837	1,029,000

EMPLOYEE BENEFITS

	REVENUE $	ESTIMATES $
GOVERNMENT PENSION CONTRIBUTION		
Federal		
Community & Labour Market Development	1,821	-
TOTAL EMPLOYEE BENEFITS	**1,821**	-

DEPARTMENT OF TOURISM

	REVENUE $	ESTIMATES $
GOLF LINKS INC		
Sales		
Golf Links Inc		71,900
TOTAL TOURISM	-	71,900

TOURISM PEI

	REVENUE $	ESTIMATES $
GENERAL ADMINISTRATION		
Corporate		
Fees and Services		
Miscellaneous	6,091	-
Total General Administration	**6,091**	-
TOURISM DEVELOPMENT		
French Services		
Federal		
French Language Training	61,880	61,900
Total Tourism Development	**61,880**	**61,900**
PARKS		
Brookvale		
Fees and Services		
Membership	22,716	2,000
Rentals	67,777	60,000
Fees - Brookvale Ski Park	136,862	148,000
Sales		
Concessions	12,536	10,000
	239,891	220,000
Parks Operations		
Fees and Services		
Park Fees	44,636	-
Campground Fees	667,392	520,400
Golf Course Rentals	12,495	-
Vending Machines	21,212	20,000
Concessions	19,797	-
Sales		
Miscellaneous	29,998	-
	795,530	540,400
Total Parks	**1,035,421**	**760,400**
TOURISM MARKETING		
Visitor Services		
Fees and Services		
Sign Advertising Fees	128,334	115,000
Sales		
Royalty Fees VICs	27,086	15,000
Total Tourism Marketing	**155,420**	**130,000**
TOTAL TOURISM PEI	**1,258,812**	**952,300**

LIQUOR CONTROL COMMISSION

	REVENUE $	ESTIMATES $
GENERAL		
Sales		
Liquor Control Act	10,178,306	10,799,300
TOTAL LIQUOR CONTROL COMMISSION	**10,178,306**	**10,799,300**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Executive Office		
Fees and Services		
Miscellaneous	3,098	-
Total Departmental Management	**3,098**	**-**
HIGHWAY SAFETY OPERATIONS		
Highway Safety - Administration		
Federal		
National Safety Code	301,027	148,000
Licenses and Permits		
Motor Vehicle Licenses & Permits	11,365,765	10,982,100
Fees and Services		
Miscellaneous	-	247,000
	11,666,792	11,377,100
Total Highway Safety Operations	**11,666,792**	**11,377,100**
HIGHWAY MAINTENANCE OPERATIONS		
Maintenance Administration - Western Region		
Fees and Services		
Miscellaneous	2,094	125,000
	2,094	125,000
Maintenance Administration - Central Region		
Fees and Services		
Miscellaneous	-	150,000
Sales		
Miscellaneous	123	-
	123	150,000
Maintenance Administration - Eastern Region		
Fees and Services		
Miscellaneous	-	125,000
	-	125,000
Summer Maintenance - Central Region		
Fees and Services		
Miscellaneous	425,121	523,000
Sales		
Miscellaneous	2,211	1,000
	427,332	524,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Winter Maintenance - Western Region		
Fees and Services		
Miscellaneous	-	87,300
	-	87,300
Winter Maintenance - Central Region		
Fees and Services		
Miscellaneous	137,276	105,600
Sales		
Salt and Sand	6,676	-
	143,952	105,600
Winter Maintenance - Eastern Region		
Fees and Services		
Miscellaneous	195	-
	195	-
Mechanical - Charlottetown Garage - Indirect		
Fees and Services		
Professional Services	-	15,000
	-	15,000
Bridge Maintenance - Operations		
Sales		
Miscellaneous	133	1,000
	133	1,000
Total Highway Maintenance Operations	**573,829**	**1,132,900**
PUBLIC WORKS OPERATIONS		
Public Works Operations - Administration		
Sales		
Miscellaneous	8,662	7,400
	8,662	7,400
Building Maintenance Direct - Province House		
Fees and Services		
Public Building Rental	64,401	60,800
	64,401	60,800
Coles Building		
Tax		
Revenue Tax	577	-
	577	-
Building Maintenance Direct - West Prince RSC		
Fees and Services		
Public Building Rental	24,185	29,000
	24,185	29,000
Building Maintenance Direct - Small Buildings		
Fees and Services		
Public Building Rental	20,947	17,400
Geomatics	5	-
	20,952	17,400

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
Building Accommodations - Small Lease Accommodations		
Fees and Services		
Public Building Rental	1,271	8,000
	1,271	8,000
Building Accommodations - Evangeline RSC		
Federal		
French Language Training	-	8,500
Fees and Services		
Public Building Rental	5,457	5,100
	5,457	13,600
Albert Thomas Building		
Sales		
Miscellaneous	20,000	-
	20,000	-
Building Accommodations - Cambridge Building		
Fees and Services		
Public Building Rental	-	28,300
	-	28,300
Building Maintenance Direct - Smallman Building		
Fees and Services		
Public Building Rental	86,744	70,000
	86,744	70,000
Properties - Properties		
Fees and Services		
Public Land Rentals	131,106	115,000
	131,106	115,000
Mona Wilson Building		
Sales		
Miscellaneous	2,539	-
	2,539	-
Total Public Works Operations	**365,894**	**349,500**
CAPITAL PROJECT DIVISION		
Chief Engineer's Office		
Federal		
Miscellaneous	300,000	-
	300,000	-
Traffic Operations - Sign Shop		
Sales		
Miscellaneous	27,350	1,000
	27,350	1,000
Total Capital Project Division	**327,350**	**1,000**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS continued

	REVENUE $	ESTIMATES $
PLANNING, DEVELOPMENT & BUILDING CONSTRUCTION		
Building Design		
Sales		
Miscellaneous	85	-
	85	-
Total Planning, Development & Building Construction	**85**	**-**
PROVINCIAL WASTE MANAGEMENT		
Fees and Services		
Waste Reduction Program	-	2,625,800
Miscellaneous	-	7,500
Total Provincial Waste Management	**-**	**2,633,300**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**12,937,048**	**15,493,800**

INTEREST CHARGES ON DEBT

	REVENUE $	ESTIMATES $
Interest		
Federal Lending Program	25,557	25,600
Community Development Fund	38,234	2,800
PEI Lending Authority	8,315,415	7,030,000
PEI Housing Authority	1,727,677	1,747,700
PEI Business Development Inc	1,126,597	1,323,500
SWDC	7,397	-
Charlotttown Area Development Corporation	485,249	304,500
PEI Liquor Control Commission	269,509	250,000
Bank Accounts	271,094	252,000
Urban Services	8,794	8,800
Grain Elevators	578	600
Golf PEI	540,840	514,900
Tourism PEI	3,770	3,800
Computer Loan Program	13,558	-
Island Waste Management	58,936	-
Miscellaneous	-	250,000
TOTAL INTEREST CHARGES ON DEBT	**12,893,205**	**11,714,200**

Details

Of

Ordinary Expenditures With Estimates

For the Year Ended March 31, 2002

DEPARTMENT OF AGRICULTURE AND FORESTRY

	EXPENDITURES $	ESTIMATES $
CORPORATE AND FINANCIAL SERVICES		
Finance and Administration		
Administration	56,915	66,500
Equipment	2,686	2,700
Materials, Supplies & Services	51,499	33,000
Professional & Contract Services	11,118	20,000
Salaries	653,556	704,800
Travel & Training	74,719	146,300
	850,493	973,300
Communications		
Administration	12,594	18,800
Equipment	310	1,000
Materials, Supplies & Services	59,769	40,200
Professional & Contract Services	7,150	12,000
Salaries	94,405	97,800
Travel & Training	2,396	6,000
	176,624	175,800
Information Technology		
Administration	7,734	7,200
Equipment	9,896	5,500
Materials, Supplies & Services	17,254	20,800
Professional & Contract Services	2,438	-
Salaries	344,297	340,600
Travel & Training	6,203	16,200
	387,822	390,300
Farm Income Risk Management		
Administration	16,186	13,800
Equipment	3,849	4,800
Materials, Supplies & Services	4,650	6,300
Professional & Contract Services	-	4,100
Salaries	549,094	553,500
Travel & Training	75,269	69,600
Grants		
Crop Insurance Fund	742,195	695,000
Net Income Stabilization Account	1,527,992	2,300,000
ARIF Industry Development	400,000	241,200
Can Farm	3,353,348	6,655,000
Agriculture Income Disaster Assistance	7,753	-
Miscellaneous	2,527,208	1,300,000
	9,207,544	11,843,300
Total Corporate and Financial Services	**10,622,483**	**13,382,700**

DEPARTMENT OF AGICULTURE AND FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
STRATEGIC PLANNING AND MEASUREMENT		
Division Management		
Administration	4,797	3,500
Materials, Supplies & Services	4,842	2,500
Professional & Contract Services	182,242	153,200
Salaries	410,870	481,100
Travel & Training	10,176	25,500
Total Strategic Planning and Measurement	**612,927**	**665,800**
FORESTRY AND LAND RESOURCE MODELING		
Division Management		
Administration	30,019	29,800
Equipment	223	1,400
Materials, Supplies & Services	13,552	14,200
Professional & Contract Services	1,359	1,500
Salaries	306,366	400,600
Travel & Training	18,484	33,300
Grants		
Miscellaneous	53,129	45,800
	423,132	526,600
Forest Fire Protection		
Administration	8,060	8,000
Equipment	1,900	3,500
Materials, Supplies & Services	18,138	11,400
Professional & Contract Services	28,739	9,000
Salaries	90,830	73,600
Travel & Training	38,705	41,200
Grants		
Forest Fire Truck Maintenance	6,400	6,400
	192,772	153,100
Production Development		
Administration	34,868	29,600
Equipment	11,091	12,700
Materials, Supplies & Services	197,806	207,900
Professional & Contract Services	11,528	12,000
Salaries	615,725	647,500
Travel & Training	18,703	18,800
	889,721	928,500

DEPARTMENT OF AGICULTURE AND FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
Provincial Forests Program		
Administration	50,890	51,000
Equipment	4,069	25,100
Materials, Supplies & Services	75,916	61,700
Professional & Contract Services	137,067	160,900
Salaries	1,086,208	1,210,100
Travel & Training	93,187	96,000
Grants		
Woodlot Owners	761	-
	1,448,098	1,604,800
Private Land Program		
Administration	5,159	5,400
Equipment	329	6,700
Materials, Supplies & Services	9,770	8,100
Professional & Contract Services	982	1,500
Salaries	499,202	504,300
Travel & Training	79,969	85,900
Grants		
Woodlot Owners	886,378	790,400
	1,481,789	1,402,300
Resource Inventory and Modelling		
Administration	11,634	6,900
Equipment	53,739	13,700
Materials, Supplies & Services	62,928	12,500
Professional & Contract Services	181,144	241,800
Salaries	575,751	563,900
Travel & Training	39,790	42,100
	924,986	880,900
Total Forestry and Land Resource Modelling	5,360,498	5,496,200
FARM EXTENSION AND MARKET DEVELOPMENT		
Division Management		
Administration	85,271	81,900
Equipment	1,005	4,000
Materials, Supplies & Services	22,494	18,700
Professional & Contract Services	11,000	12,000
Salaries	243,060	260,300
Travel & Training	7,809	9,600
	370,639	386,500

DEPARTMENT OF AGICULTURE AND FORESTRY Continued

	EXPENDITURES $	ESTIMATES $
Exhibitions		
Administration	1,800	-
Materials	674	900
Grants		
Miscellaneous	121,300	121,300
Association of Exhibitions	71,700	71,700
	195,474	193,900
Farm Business Management Initiative		
Administration	4,996	5,000
Equipment	197	-
Materials, Supplies & Services	771	9,000
Professional & Contract Services	57,645	76,800
Salaries	-	5,100
Travel & Training	11,264	4,100
	74,873	100,000
Market Development		
Administration	6,739	13,300
Equipment	8,946	1,500
Materials, Supplies & Services	46,346	13,200
Professional & Contract Services	44,268	150,000
Salaries	211,808	268,600
Travel & Training	29,729	40,700
Grants		
Miscellaneous	59,817	37,300
	407,653	524,600
Farm Extension Services		
Administration	42,055	23,600
Equipment	21,078	7,500
Materials, Supplies & Services	38,833	22,700
Professional & Contract Services	25,655	21,800
Salaries	1,458,348	1,448,800
Travel & Training	142,503	107,800
Grants		
Beef Development Program	226,264	173,500
	1,954,736	1,805,700
Food Strategy		
Administration	25,098	22,200
Equipment	3,387	6,400
Materials, Supplies & Services	7,871	32,000
Professional & Contract Services	431,205	110,000
Salaries	169,775	136,000
Travel & Training	23,361	19,900
Grants		
Miscellaneous	114,564	393,500
	775,261	720,000
Total Farm Extension and Market Development	**3,778,636**	**3,730,700**

DEPARTMENT OF AGICULTURE AND FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
REGULATORY AND LAB SERVICES		
Division Management/Regulatory Services		
Administration	4,666	2,900
Equipment	2,143	2,700
Materials, Supplies & Services	7,092	5,000
Professional & Contract Services	532,571	340,500
Salaries	351,436	340,200
Travel & Training	41,456	42,500
Grants		
Miscellaneous	454,555	1,000,000
	1,393,919	1,733,800
Soil and Feed Lab		
Administration	12,221	4,600
Equipment	7,224	8,200
Materials, Supplies & Services	173,288	82,100
Professional & Contract Services	25,454	24,100
Salaries	253,901	218,200
Travel & Training	6,705	6,600
	478,793	343,800
Plant Health and Diagnostics Program		
Administration	6,530	1,000
Equipment	23,958	7,400
Materials, Supplies & Services	83,138	84,800
Professional & Contract Services	41,851	179,800
Salaries	311,830	264,200
Travel & Training	11,446	11,200
	478,753	548,400
Dairy Lab		
Administration	6,196	6,200
Equipment	329	1,700
Materials, Supplies & Services	125,672	78,000
Professional & Contract Services	7,158	2,100
Salaries	233,508	242,000
Travel & Training	6,311	11,000
	379,174	341,000
Pesticide Regulatory Program		
Administration	8,466	5,500
Equipment	376	2,100
Materials, Supplies & Services	7,135	4,500
Professional & Contract Services	38,550	91,000
Salaries	152,229	157,600
Travel & Training	30,908	34,100
	237,664	294,800

DEPARTMENT OF AGICULTURE AND FORESTRY

Continued

	EXPENDITURES $	ESTIMATES $
Potato Quality Program		
Administration	26,985	30,100
Equipment	4,983	6,000
Materials, Supplies & Services	29,830	32,400
Professional & Contract Services	338,404	358,700
Salaries	650,674	602,300
Travel & Training	130,539	113,000
Grants		
Potato Disease Eradication	7,003	15,000
	1,188,418	1,157,500
Total Regulatory and Lab Services	**4,156,721**	**4,419,300**
INDUSTRY DEVELOPMENT		
Division Management / Industry Development		
Administration	9,061	4,400
Equipment	1,638	500
Materials, Supplies & Services	500	1,600
Professional & Contract Services	460,870	463,700
Salaries	418,731	423,000
Travel & Training	32,296	24,100
Grants		
Maritime Provinces Harness Racing Commission	58,786	68,300
Administration SQIP Assistance	27,400	27,400
Agriculture industry Transition Program	364,400	450,000
Horse Development Program	44,865	40,000
Assistance to Out-of-Province Exhibitors	4,982	5,000
Grants to Commodity Boards	32,000	36,700
Marketing Assistance - Transportation	13,318	20,000
PEI Artificial Breeders Association	60,000	60,000
Farm Organization Policy	122,955	60,700
Matinee Racetrack Assistance	8,140	10,000
Equine Genetic Development	-	-
Bull Testing - Napan	9,400	9,400
Swine Quality Improvement Program	455,759	464,500
Ranch Fur Program - Interest	21,682	14,000
Miscellaneous	254,129	188,700
	2,400,912	2,372,000
4-H Program		
Administration	1,176	-
Equipment	250	500
Materials, Supplies and Services	1,432	1,400
Salaries	86,932	103,200
Travel & Training	6,626	11,200
Grants		
4-H Program	154,024	157,000
	250,440	273,300

DEPARTMENT OF AGICULTURE AND FORESTRY Continued

	EXPENDITURES $	ESTIMATES $
Women's Institute		
Administration	1,293	1,300
Equipment	255	100
Materials, Supplies & Services	1,168	3,500
Salaries	74,982	77,100
Travel & Training	1,540	1,600
Grants		
Program Assistance - WI	18,700	18,700
	97,938	102,300
School Milk Program		
Salaries	33,641	41,200
Travel & Training	3,657	1,600
Grants		
School Milk Program	63,000	63,000
	100,298	105,800
Marketing Council		
Administration	811	500
Materials, Supplies & Services	381	600
Professional & Contract Services	10,914	2,000
Salaries	10,788	10,200
Travel & Training	16,341	13,600
	39,235	26,900
PRDP Agriculture		
Grants		
PRDA	181,366	400,000
	181,366	400,000
Sustainable Agriculture Resources		
Administration	9,983	21,400
Equipment	21,958	8,700
Materials, Supplies & Services	16,252	25,600
Professional & Contract Services	63,047	315,000
Salaries	405,258	428,400
Travel & Training	47,378	47,800
Grants		
Miscellaneous	57,128	-
AERC Program	3,126,942	1,000,000
	3,747,946	1,846,900
Total Industry Development	**6,818,135**	**5,127,200**
TOTAL AGRICULTURE AND FORESTRY	**31,349,400**	**32,821,900**

P.E.I. GRAIN ELEVATORS CORPORATION

	EXPENDITURES $	ESTIMATES $
P.E.I. GRAIN ELEVATORS CORPORATION		
Grants		
Operating Grant	165,000	165,000
TOTAL P.E.I. GRAIN ELEVATORS CORPORATION	**165,000**	**165,000**

OFFICE OF THE ATTORNEY GENERAL

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
Administration		
Administration	7,521	1,800
Equipment	6,122	1,500
Materials, Supplies & Service	1,822	1,000
Professional & Contract Services	27,425	26,000
Salaries	36,881	7,100
Travel	14,228	-
Grants	-	50,000
Total Administration	**93,999**	**87,400**
JUSTICE POLICY		
Constitutional Review/Native Council		
Administration	2,458	-
Materials, Supplies & Service	672	-
Professional & Contract Services	2,784	-
Travel	96	-
Grants		
Native Council of Canada	70,294	137,400
Mfg/Proc	17,500	-
	93,804	137,400
Justice/Correction Policy		
Administration	7,786	6,000
Equipment	1,422	-
Materials, Supplies & Services	3,384	3,900
Professional & Contract Services	71,828	62,500
Salaries	161,758	169,700
Travel & Training	10,216	10,000
	256,394	252,100
Human Rights Commission		
Grants		
Human Rights Commission	306,200	306,200
	306,200	306,200
Total Justice Policy	**656,398**	**695,700**

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
LEGAL AND JUDICIAL SERVICES		
Administration		
Administration	34,678	12,500
Equipment	7,597	3,100
Materials, Supplies & Services	52,675	20,300
Professional & Contract Services	122,928	187,000
Salaries	663,510	803,200
Travel & Training	18,341	18,700
Grants		
National Judicial Institute	1,922	2,300
Uniform Law Conference	3,000	2,600
Canadian Association of Provincial	-	1,700
Canadian Association of Chiefs of Police	1,900	900
Judicial Council	-	30,000
PEI Chiefs of Police Association	-	400
	906,551	1,082,700
Judicial Services		
Administration	133,643	90,700
Equipment	21,185	18,600
Materials, Supplies & Services	126,094	75,300
Professional & Contract Services	81,076	163,000
Salaries	1,639,174	1,551,600
Travel & Training	31,086	28,800
	2,032,258	1,928,000
Sheriff's Office		
Administration	15,700	13,600
Equipment	897	3,600
Materials, Supplies & Services	7,780	2,100
Professional & Contract Services	438	-
Salaries	558,566	473,100
Travel & Training	12,323	20,700
	595,704	513,100
Legislation		
Administration	23,371	4,400
Equipment	15,532	400
Materials, Supplies & Services	8,725	4,000
Professional & Contract Services	124,837	-
Salaries	256,899	409,500
Travel & Training	13,181	2,200
	442,545	420,500
Legal Aid		
Administration	22,499	18,700
Equipment	1,928	-
Materials, Supplies & Services	2,385	6,800
Professional & Contract Services	151,568	154,800
Salaries	405,207	440,700
Travel & Training	12,860	11,000
	596,447	632,000

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Coroner's Inquests		
Administration	1,529	-
Equipment	618	-
Materials, Supplies & Services	46	-
Professional & Contract Services	238,095	213,500
Salaries	846	-
Travel & Training	3,128	-
	244,262	213,500
RCMP		
Professional & Contract Services	8,435,637	8,428,900
	8,435,637	8,428,900
Provincial Court Judges		
Administration	648	-
Equipment	608	10,000
Materials, Supplies & Services	1,920	-
Professional & Contract Services	2,588	-
Salaries	459,791	520,000
Travel & Training	21,669	11,000
	487,224	541,000
Courthouse Automation Project		
Administration	12,581	-
Equipment	90,222	-
Materials, Supplies & Services	1,003	-
Professional & Contract Services	1,513,749	631,700
Travel & Training	13,708	-
	1,631,263	631,700
Family Law		
Administration	2,343	1,000
Equipment	1,137	2,000
Materials, Supplies & Services	2,640	2,500
Professional & Contract Services	139,780	60,800
Salaries	181,147	130,300
Travel & Training	10,229	-
	337,276	196,600
Total Legal and Judicial Services	**15,709,167**	**14,588,000**
CONSUMER, CORPORATE AND INSURANCE		
Corporate Services		
Administration	18,619	16,800
Equipment	5,351	8,200
Materials, Supplies & Services	10,647	15,500
Professional & Contract Services	53,611	45,000
Salaries	547,816	591,900
Travel & Training	13,316	18,600
	649,360	696,000

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Consumer Services		
Administration	5,951	9,200
Equipment	1,156	3,500
Materials, Supplies & Services	2,470	5,400
Salaries	135,125	182,700
Travel & Training	5,596	7,900
	150,298	208,700
Insurance Services		
Salaries	269,106	230,500
Travel & Training	1,611	8,200
	270,717	238,700
Gun Control		
Administration	8,365	15,800
Equipment	396	5,000
Materials, Supplies & Services	8,230	8,500
Professional & Contract Services	558	36,000
Salaries	158,570	145,900
Travel & Training	1,621	10,000
	177,740	221,200
Total Consumer, Corporate and Insurance	**1,248,115**	**1,364,600**
CROWN ATTORNEY		
Administration		
Administration	31,467	26,800
Equipment	2,357	6,000
Materials, Supplies & Services	23,947	18,300
Professional & Contract Services	53,973	27,000
Salaries	788,026	769,200
Travel & Training	33,829	28,500
Total Crown Attorney	**933,599**	**875,800**
COMMUNITY AND CORRECTIONAL SERVICES		
Division Management		
Administration	58,931	30,200
Equipment	18,182	16,700
Materials, Supplies & Services	17,635	6,900
Professional & Contract Services	12,935	96,000
Salaries	349,468	549,200
Travel & Training	58,234	41,100
	515,385	740,100
Provincial Correctional Centre		
Administration	37,471	30,700
Equipment	29,508	10,000
Materials, Supplies & Services	267,051	213,200
Professional & Contract Services	23,322	9,100
Salaries	3,258,099	3,438,700
Travel & Training	28,806	22,400
	3,644,257	3,724,100

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Prince County Correctional Centre		
Administration	10,065	3,900
Equipment	10,256	1,000
Materials, Supplies & Services	46,089	56,800
Professional & Contract Services	9,177	3,600
Salaries	602,075	548,200
Travel & Training	8,639	5,900
	686,301	619,400
Probation/Family Counseling		
Administration	30,724	23,100
Equipment	4,590	4,000
Materials, Supplies & Services	4,461	7,300
Professional & Contract Services	14,093	10,500
Salaries	1,002,577	966,000
Travel & Training	50,963	40,100
	1,107,408	1,051,000
Community Custody Program		
Administration	12,012	9,500
Equipment	4,582	5,400
Materials, Supplies & Services	2,641	12,800
Professional & Contract Services	63,215	61,500
Salaries	356,281	344,500
Travel & Training	40,909	34,500
	479,640	468,200
Tyne Valley Youth Centre		
Administration	13,499	11,500
Equipment	1,611	3,200
Materials, Supplies & Services	31,665	37,800
Professional & Contract Services	3,157	4,800
Salaries	570,360	656,300
Travel & Training	27,867	20,000
	648,159	733,600
Georgetown Youth Centre		
Administration	12,950	11,500
Equipment	871	3,200
Materials, Supplies & Services	24,155	37,800
Professional & Contract Services	2,002	4,800
Salaries	530,154	650,500
Travel & Training	20,579	20,000
	590,711	727,800
Summerside Youth Centre		
Administration	43,557	41,400
Equipment	16,948	10,900
Materials, Supplies & Services	162,106	191,100
Professional & Contract Services	19,467	23,700
Salaries	2,568,139	2,758,400
Travel & Training	55,972	36,800
	2,866,189	3,062,300

OFFICE OF THE ATTORNEY GENERAL

Continued

	EXPENDITURES $	ESTIMATES $
Victim Services		
Administration	11,476	9,300
Equipment	515	800
Materials, Supplies & Services	3,931	3,500
Professional & Contract Services	302	-
Salaries	372,089	277,100
Travel & Training	21,985	12,000
Grants		
Victim Services	70,621	100,000
	480,919	402,700
Justice Program Resource Center		
Administration	3,129	4,000
Equipment	2,803	1,000
Materials, Supplies & Services	4,219	3,600
Salaries	174,611	182,900
Travel & Training	8,355	10,000
	193,117	201,500
Total Community and Correctional Services	**11,212,086**	**11,730,700**
TOTAL OFFICE OF THE ATTORNEY GENERAL	**29,853,364**	**29,342,200**

AUDITOR GENERAL

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
Administration	29,330	29,800
Equipment	7,902	14,100
Materials, Supplies & Services	9,004	10,000
Professional & Contract Services	1,337	32,500
Salaries	1,065,010	1,131,500
Travel & Training	13,769	33,600
Grants		
Comprehensive Auditing Foundation	11,915	12,200
TOTAL AUDITOR GENERAL	**1,138,267**	**1,263,700**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

	EXPENDITURES $	ESTIMATES $
POLICY AND ADMINISTRATION		
Administration		
Administration	222,843	142,500
Equipment	4,358	6,500
Materials, Supplies & Services	89,968	52,700
Professional & Contract Services	128,140	58,500
Salaries	649,659	546,900
Travel & Training	27,321	22,800
Grants		
Fathers of Confederation	900,000	900,000
Crop Insurance	2,400	-
Miscellaneous	23,100	-
	2,047,789	1,729,900
Infrastructure		
Administration	87	-
Equipement	696	
Travel & Training	1,408	-
Grants		
Infrastructure Program	5,939,509	4,292,000
	5,941,700	4,292,000
Information Technology		
Administration	355	-
Equipment	85,424	85,500
Salaries	253,988	231,800
Travel & Training	30,600	34,300
	370,367	351,600
Total Policy and Administration	**8,359,856**	**6,373,500**
PLANNING AND INSPECTION SERVICES		
Administration		
Administration	17,086	12,600
Equipment	9,825	-
Materials, Supplies & Services	9,261	9,700
Professional & Contract Services	4,075	-
Salaries	369,000	354,100
Travel & Training	8,311	7,200
	417,558	383,600
Provincial Planning		
Administration	1,242	-
Salaries	191,802	256,200
Travel & Training	5,897	4,400
	198,941	260,600

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS Continued

	EXPENDITURES $	ESTIMATES $
Fire Marshal		
Salaries	158,094	163,600
Travel & Training	18,235	11,000
Grants		
Fire Fighting Assistance	2,272	6,600
Workers Compensation Claims	61,142	98,000
Training Program for Firemen	8,500	8,500
	248,243	287,700
Building and Development		
Salaries	434,313	379,300
Travel & Training	22,274	25,100
	456,587	404,400
Emergency Measures Organization		
Administration	2,054	3,300
Equipment	153	-
Materials, Supplies & Services	-	100
Salaries	55,096	55,300
Travel & Training	3,642	3,400
Grants		
Disaster Relief	85,517	-
	146,462	62,100
Joint Emergency Preparedness Projects		
Administration	34,006	15,400
Equipment	153	800
Materials, Supplies & Services	142,151	1,200
Professional & Contract Services	160	1,200
Salaries	143,845	151,200
Travel & Training	6,708	9,000
	327,023	178,800
Electrical Inspection		
Administration	409	-
Salaries	181,833	244,200
Travel & Training	30,981	26,200
	213,223	270,400
Boiler and Plumbing Inspection		
Salaries	276,882	285,200
Travel & Training	36,492	30,400
	313,374	315,600
Municipal Affairs		
Administration	-	100
Salaries	103,367	49,900
Travel & Training	2,008	2,900
Grants		
Federation of PEI Municipalities	13,000	13,000
Municipal Equalization Grants	1,942,687	1,970,000
Debt Retirement	187,282	187,300
Municipal Training Support	2,753	2,400
	2,251,097	2,225,600

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
911 Project		
Administration	37,061	16,500
Equipment	1,389	3,600
Materials, Supplies & Services	39,333	34,200
Professional & Contract Services	237,658	109,200
Salaries	161,565	262,400
Travel & Training	5,060	10,800
	482,066	436,700
Total Planning and Inspection Services	**5,054,574**	**4,825,500**
LABOUR AND INDUSTRIAL RELATIONS		
Administration		
Administration	6,315	4,900
Equipment	1,096	5,700
Materials, Supplies & Services	5,314	5,400
Professional & Contract Services	3,826	-
Salaries	199,548	218,900
Travel & Training	7,848	4,600
	223,947	239,500
Labour Relations Board		
Administration	5,522	5,300
Materials, Supplies & Services	3,982	3,800
Professional & Contract Services	68,274	28,800
Salaries	112,801	89,900
Travel & Training	4,444	4,000
	195,023	131,800
Industrial Relations		
Administration	2,848	2,300
Materials, Supplies & Services	2,026	1,900
Travel & Training	1,098	1,600
	5,972	5,800
Employment Standards		
Administration	1,610	1,200
Materials, Supplies & Services	3,241	900
Professional & Contract Services	-	1,300
Salaries	63,787	67,200
Travel & Training	4,759	4,600
	73,397	75,200
Industrial Relations Council		
Administration	-	400
Salaries	-	4,700
Travel & Training	-	900
	-	6,000
Total Labour and Industrial Relations	**498,339**	**458,300**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
PROVINCIAL LIBRARIES AND PUBLIC ARCHIVES		
Library Headquarters and Technical Services		
Administration	4,656	6,400
Equipment	3,659	1,000
Materials, Supplies & Services	59,541	59,700
Professional & Contract Services	155	-
Salaries	289,431	297,900
Travel & Training	12,100	10,300
	369,542	375,300
Confederation Centre Public Library		
Administration	77	3,900
Equipment	-	800
Materials, Supplies & Services	92,841	90,400
Professional & Contract Services	10,513	10,000
Salaries	452,270	489,700
Travel & Training	3,688	1,800
	559,389	596,600
French Library Services		
Administration	8,263	9,600
Equipment	685	800
Materials, Supplies & Services	61,433	60,700
Professional & Contract Services	-	1,000
Salaries	250,380	219,400
Travel & Training	4,077	4,900
	324,838	296,400
Branch Libraries		
Administration	724	1,300
Equipment	231	-
Materials, Supplies & Services	79,011	79,200
Salaries	420,900	429,700
Travel & Training	4,906	5,200
	505,772	515,400
Media Services		
Administration	7,959	10,400
Equipment	-	1,000
Materials, Supplies & Services	59,977	60,000
Salaries	181,283	156,600
Travel & Training	710	1,800
	249,929	229,800
Total Provincial Libraries and Public Archives	**2,009,470**	**2,013,500**

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS

Continued

	EXPENDITURES $	ESTIMATES $
CULTURE, HERITAGE, RECREATION AND SPORTS		
Culture and Heritage		
Administration	1,723	3,200
Equipment	-	500
Materials, Supplies & Services	1,705	1,400
Professional & Contract Services	925	15,000
Salaries	183,548	216,200
Travel & Training	21,593	15,000
Grants		
Cultural Development Program	125,018	122,800
Acadian Development	341,821	258,800
Heritage Archeology	4,857	8,000
PEI Council of the Arts	250,500	250,500
PEI Rural Beautification Society	5,000	5,000
Carrefour Development Program	200,000	200,000
Cultural Industries Support	1,500	5,000
Regional Arts Council Grants	30,000	36,000
PEI Association of Community Museums	40,000	40,000
Miscellaneous	64,600	239,000
	1,272,790	1,416,400
Public Archives and Records Office		
Administration	2,582	2,000
Equipment	1,443	2,100
Materials, Supplies & Services	11,319	13,000
Salaries	190,332	227,100
Travel & Training	4,947	2,400
	210,623	246,600
Recreation and Sports		
Administration	-	2,200
Equipment	546	500
Materials, Supplies & Services	231	1,400
Salaries	283,200	292,200
Travel	15,308	20,100
Grants		
Sports Hall of Fame	4,500	4,500
Acadian Development	18,650	-
Sport PEI	156,796	162,500
Best Ever	104,300	64,300
Community recreation Support Program	279,645	296,000
Sports Organization Assistance	163,863	165,000
Recreation & Sports Assoc. for the Physically Disabled	36,600	36,600
Miscellaneous	913,857	1,160,700
	1,977,496	2,206,000
Total Culture, Heritage, Recreation and Sports	3,460,909	3,869,000

DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS Continued

	EXPENDITURES $	ESTIMATES $
P.E.I MUSEUM AND HERITAGE FOUNDATION		
General		
Salaries	737,698	736,900
Total P.E.I Museum and Heritage Foundation	**737,698**	**736,900**
TOTAL COMMUNITY AND CULTURAL AFFAIRS	**20,120,846**	**18,276,700**

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

	EXPENDITURES $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Administration		
Administration	47,205	48,200
Equipment	2,879	-
Materials, Supplies & Services	50,650	27,800
Professional & Contract Services	12,120	20,000
Salaries	435,001	387,400
Travel & Training	28,538	34,300
Total Departmental Management	**576,393**	**517,700**
POLICY AND PLANNING		
Administration		
Administration	10,320	6,000
Equipment	52,305	30,000
Materials, Supplies & Services	6,639	7,100
Professional & Contract Services	125,318	75,000
Salaries	384,642	445,600
Travel & Training	3,885	7,500
Total Policy and Planning	**583,109**	**571,200**
ENERGY DEVELOPMENT		
Energy Development		
Administration	15,041	-
Equipment	3,303	-
Materials, Supplies & Services	5,703	-
Professional & Contract Services	74,867	-
Salaries	127,184	-
Travel & Training	17,265	-
Total Energy Development	**243,363**	**-**
ACCESS PEI		
Management		
Administration	6,336	6,000
Equipment	397	-
Materials, Supplies & Services	1,910	5,300
Professional & Contract Services	4,206	5,000
Salaries	72,026	72,700
Travel & Training	10,259	6,500
	95,134	95,500

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENDITURES $	ESTIMATES $
Summerside Access PEI		
Administration	100,817	104,600
Equipment	4,893	800
Materials, Supplies & Services	17,640	15,400
Salaries	502,980	484,900
Travel & Training	11,143	6,700
	637,473	612,400
Souris Access PEI		
Administration	52,157	57,500
Equipment	438	200
Materials, Supplies & Services	7,886	11,400
Salaries	207,480	196,900
Travel & Training	9,455	8,300
Grants		
Sports Hall of Fame	-	2,300
	277,416	276,600
West Prince RSC		
Administration	63,460	69,400
Equipment	380	7,500
Materials, Supplies & Services	7,882	11,500
Salaries	162,353	170,300
Travel & Training	5,687	3,100
Grants		
Sports Hall of Fame	1,250	2,500
	241,012	264,300
Southern Kings and Queens RSC		
Administration	66,825	65,700
Equipment	729	1,200
Materials, Supplies & Services	7,587	10,000
Salaries	272,734	218,900
Travel & Training	3,865	4,300
Grants		
Sports Hall of Fame	-	2,300
	351,740	302,400
Evangeline RSC		
Administration	15,811	19,100
Equipment	372	3,000
Materials, Supplies & Services	5,959	7,700
Salaries	125,883	120,600
Travel & Training	2,997	2,400
Grants		
Sports Hall of Fame	-	1,500
	151,022	154,300

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY Continued

	EXPENDITURES $	ESTIMATES $
Tignish and Area Government Services Centre		
Administration	12,544	13,800
Equipment	742	1,600
Materials, Supplies & Services	1,728	2,900
Salaries	68,302	69,500
Travel & Training	2,162	2,100
Grants		
Sports Hall of Fame	-	1,200
	85,478	91,100
Morell Access PEI		
Administration	3,133	5,800
Equipment	262	-
Materials, Supplies & Services	130	-
Salaries	37,672	36,900
Travel & Training	1,152	1,000
	42,349	43,700
Alberton Access PEI		
Administration	4,461	-
Equipment	322	-
Materials, Supplies & Services	200	-
Salaries	37,017	36,900
Travel & Training	1,279	-
	43,279	36,900
Riverside Access PEI		
Administration	20,206	9,600
Equipment	1,864	2,700
Materials, Supplies & Services	30,402	29,800
Salaries	410,039	396,700
Travel & Training	1,361	1,000
	463,872	439,800
Crapaud Access PEI		
Administration	5,556	11,300
Equipment	46	2,100
Materials, Supplies & Services	30	4,000
Salaries	30,312	22,000
Travel & Training	24	2,300
	35,968	41,700
North Rustico Access PEI		
Administration	4,364	6,100
Equipment	9,153	2,100
Materials, Supplies & Services	488	4,000
Salaries	20,703	22,000
Travel & Training	37	2,300
	34,745	36,500

DEPARTMENT OF DEVELOPMENT AND TECHNOLOGY

Continued

	EXPENDITURES $	ESTIMATES $
Stratford Access PEI		
Administration	7,519	15,100
Equipment	498	3,800
Materials, Supplies & Services	10,610	9,100
Salaries	91,951	117,500
Travel & Training	1,501	2,300
	112,079	147,800
Kinkora Access PEI		
Administration	3,175	-
Equipment	4,872	-
Materials, Supplies & Services	2,236	-
Travel & Training	34	-
	10,317	-
Total Access PEI	**2,581,884**	**2,543,000**
COMMUNITY AND LABOUR MARKET DEVELOPMENT		
Administration	2,916	2,600
Equipment	437	-
Materials, Supplies & Services	2,017	1,400
Professional & Contract Services	19,162	7,000
Salaries	603,652	644,500
Travel & Training	31,254	49,700
Grants		
Community Development	992,330	500,000
Strategic Opportunities	960,359	258,500
PEI Craft Council Grant	-	-
Community Capacity	49,531	50,000
Can Farm	-	151,500
Total Community and Labour Market Development	**2,661,658**	**1,665,200**
INFRASTRUCTURE SUPPORT		
Infrastructure Support		
Administration	-	2,500
Equipment	747	-
Professional & Contract Services	43,794	-
Salaries	55,164	55,400
Travel & Training	1,540	3,700
Grants		
Economic Development Leadership Agreement	1,576,867	1,356,500
Total Infrastructure Support	**1,678,112**	**1,418,100**
TOTAL DEVELOPMENT AND TECHNOLOGY	**8,324,519**	**6,715,200**

TECHNOLOGY ASSET MANAGEMENT

	EXPENDITURES $	ESTIMATES $
TECHNOLOGY ASSET MANAGEMENT		
Equipment Rental	1,630,748	1,631,000
TOTAL TECHNOLOGY ASSET MANAGEMENT	**1,630,748**	**1,631,000**

PEI BUSINESS DEVELOPMENT INC

	EXPENDITURES $	ESTIMATES $
PEI BUSINESS DEVELOPMENT INC		
Grants		
PEI Business Development Inc	28,859,100	28,439,300
TOTAL PEI BUSINESS DEVELOPMENT INC	**28,859,100**	**28,439,300**

EMPLOYMENT DEVELOPMENT AGENCY

	EXPENDITURES $	ESTIMATES $
MANAGEMENT		
Administration	15,702	10,500
Equipment	2,238	2,600
Materials, Supplies & Services	13,249	4,700
Professional & Contract Services	-	500
Salaries	365,065	323,400
Travel & Training	11,723	9,200
Total Management	**407,977**	**350,900**
FORESTRY PROJECTS		
Salaries	-	107,700
Total Forestry Projects	**-**	**107,700**
JOB CREATION AND PLACEMENT		
Professional & Contract Services	161,105	411,300
Salaries	167,808	151,600
Grants		
Community Job Creation Projects	3,145,181	1,672,700
Training Program for Firemen	27,972	30,000
Employment	113,157	-
Total Job Creation and Placement	**3,615,223**	**2,265,600**
JOBS FOR YOUTH		
Private and Non-Profit		
Grants		
Work for Youth - Private Sector	154,564	155,600
Work for Youth - Non-Profit Sector	493,049	414,800
	647,613	570,400
Public Sector		
Salaries	402,970	398,100
	402,970	398,100
Total Jobs for Youth	**1,050,583**	**968,500**
TOTAL EMPLOYMENT DEVELOPMENT AGENCY	**5,073,783**	**3,692,700**

P.E.I. ENERGY CORPORATION

	EXPENDITURES $	ESTIMATES $
OPERATIONS		
Grants		
Operating Grant	312,900	730,200
TOTAL P.E.I. ENERGY CORPORATION	**312,900**	**730,200**

DEPARTMENT OF EDUCATION

	EXPENDITURES $	ESTIMATES $
CORPORATE PLANNING		
General		
Administration	1,649	2,000
Equipment	372	-
Materials, Supplies & Services	370	1,900
Salaries	273,112	291,900
Travel & Training	7,517	12,200
	283,020	308,000
Assessment and Evaluation		
Administration	252	3,500
Materials, Supplies & Services	-	10,500
Professional & Contract Services	752	17,000
Salaries	70,903	92,300
Travel & Training	3,098	3,800
	75,005	127,100
Total Corporate Planning	**358,025**	**435,100**
CORPORATE SERVICES AND SCHOOL BOARD OPERATIONS		
Administration		
Administration	180,217	150,100
Equipment	25,052	20,800
Materials, Supplies & Services	122,269	107,700
Professional & Contract Services	8,593	-
Salaries	956,425	1,003,500
Travel & Training	61,012	76,800
Grants		
Encounters With Canada	15,000	15,000
Teachers Federation In Service Projects	13,924	-
PEI Federation of Home and School	24,800	27,600
Miscellaneous	33,911	45,200
	1,441,203	1,446,700
Systems and Technology Services		
Administration	631,964	636,800
Equipment	481,192	160,800
Materials, Supplies & Services	43,833	38,700
Professional & Contract Services	466,628	473,500
Salaries	1,144,739	1,339,400
Travel & Training	63,605	47,900
	2,831,961	2,697,100

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Provincial Learning Materials Distribution Centre		
Administration	431	-
Equipment	305	-
Materials, Supplies & Services	1,081,857	1,025,000
Salaries	138,651	131,700
Travel & Training	3,189	2,800
	1,224,433	1,159,500
Grants to School Boards		
Administration	2,164	-
Professional & Contract Services	1,511	-
Salaries	111,240,579	110,693,900
Grants		
School Unit Administration Grant	4,043,860	1,820,600
School Unit Maintenance Account	5,878,320	6,020,100
School Unit Transportation Grant	1,885,785	1,906,100
School Unit Program	1,628,175	1,794,400
School Construction Costs	9,408,922	10,128,000
School Unit Capital	846,190	903,300
School Unit Bus Purchases	1,117,278	1,115,600
Miscellaneous	31	-
	136,052,815	134,382,000
Total Corporate Services and School Board Operations	**141,550,412**	**139,685,300**
PUBLIC EDUCATION		
General		
Administration	783	2,900
Materials, Supplies & Services	8,157	10,200
Professional & Contract Services	1,955	6,000
Salaries	123,324	124,000
Travel & Training	10,396	9,400
Grants		
Miscellaneous	500	-
	145,115	152,500
Kindergarten		
Administration	6,546	10,000
Materials, Supplies & Services	131,675	277,500
Professional & Contract Services	13,160	16,700
Salaries	111,703	237,000
Travel & Training	744	8,000
Grants		
Miscellaneous	2,484,559	2,689,200
	2,748,387	3,238,400
Total Public Education	**2,893,502**	**3,390,900**

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
ENGLISH PROGRAMS		
Human Resource Development		
Administration	19,230	15,500
Materials, Supplies & Services	6,935	21,000
Professional & Contract Services	43,034	43,500
Salaries	94,641	149,100
Travel & Training	7,170	4,700
Grants		
Teachers Federation In Service Projects	48,393	48,000
	219,403	281,800
Programs - General		
Administration	20,909	20,500
Equipment	2,493	-
Materials, Supplies & Services	90,179	44,500
Professional & Contract Services	17,836	40,700
Salaries	211,314	245,700
Travel & Training	29,016	6,000
Grants		
Regional COOP in Education - Choices	15,945	26,300
Pre-School Funding	6,969	-
Miscellaneous	66,327	71,500
	460,988	455,200
Elementary Programs		
Administration	22,121	6,000
Equipment	-	4,700
Materials, Supplies & Services	302,102	314,300
Professional & Contract Services	56,588	92,200
Salaries	610,970	699,500
Travel & Training	23,823	31,500
	1,015,604	1,148,200
Secondary Programs		
Administration	16,722	8,000
Equipment	41,544	4,600
Materials, Supplies & Services	265,464	351,100
Professional & Contract Services	42,223	82,800
Salaries	760,699	797,300
Travel & Training	17,239	37,900
	1,143,891	1,281,700

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Technology		
Administration	5,906	1,000
Equipment	115,754	-
Materials, Supplies & Services	51,384	126,000
Professional & Contract Services	22,646	21,000
Salaries	465,392	464,900
Travel & Training	12,374	25,200
Grants		
Miscellaneous	215,700	-
	889,156	638,100
Total English Programs	**3,729,042**	**3,805,000**
FRENCH PROGRAMS		
General		
Administration	11,307	9,700
Debt	2,177	-
Equipment	1,374	-
Materials, Supplies & Services	423,996	257,800
Professional & Contract Services	36,662	26,300
Salaries	771,164	826,000
Travel & Training	33,855	29,600
Grants		
Minority and Second Language	888,702	904,800
Total French Programs	**2,169,237**	**2,054,200**
STUDENT SERVICES		
General		
Administration	22,141	3,700
Equipment	2,846	10,700
Materials, Supplies & Services	74,666	51,100
Professional & Contract Services	30,938	59,200
Salaries	1,048,299	1,236,300
Travel & Training	49,069	47,900
Grants		
Resource Centres - APSEA	679,605	638,600
Pre-School Funding	30,312	37,900
Minority and Second Language	53	-
Safe Graduation Program	-	5,600
Special Projects	-	2,800
Allied Youth	39,800	64,800
Other Youth	1,273	42,400
Miscellaneous	123,647	81,700
	2,102,649	2,282,700

DEPARTMENT OF EDUCATION

Continued

	EXPENDITURES $	ESTIMATES $
Youth		
Salaries	12,557	-
	12,557	-
Total Student Services	2,115,206	2,282,700
CONTINUING EDUCATION AND TRAINING		
General		
Administration	28,141	32,900
Equipment	3,384	4,400
Materials, Supplies & Services	3,039	10,500
Professional & Contract Services	20,464	4,500
Salaries	799,632	727,400
Travel & Training	30,638	22,800
	885,298	802,500
Apprenticeship and Training		
Administration	4,651	1,800
Equipment	1,280	-
Materials, Supplies & Services	4,012	1,300
Professional & Contract Services	50,014	34,800
Salaries	268,218	253,200
Travel & Training	27,668	14,100
Grants		
Miscellaneous	22,000	100,000
Apprenticeship Training Allowances	2,850	2,500
	380,693	407,700
Post Secondary Grants		
Grants		
College L'Acadie	300,750	300,800
Student Assistance	4,160,107	3,624,500
MPHEC	33,192,725	32,042,700
Atlantic Region Vet College	5,590,905	5,688,300
Atlantic Police Academy	450,000	450,000
Community Schools	43,100	43,100
Labour Market Development	3,551,999	3,552,000
Adult Night Classes	124,200	124,200
Technical Student Assistance	244,000	244,000
Adult Basic Education	100,000	100,000
Industry Incentives	100,000	100,000
	47,857,786	46,269,600
Total Continuing Education and Training	49,123,777	47,479,800
TOTAL DEPARTMENT OF EDUCATION	201,939,201	199,133,000

ISLAND REGULATORY AND APPEALS COMMISSION

	EXPENDITURES $	ESTIMATES $
GENERAL		
Grants		
Operating Grant	1,065,100	1,065,100
TOTAL ISLAND REGULATORY AND APPEALS COMMISSION	**1,065,100**	**1,065,100**

EXECUTIVE COUNCIL

	EXPENDITURES $	ESTIMATES $
PREMIER'S OFFICE		
Administration	29,272	31,200
Equipment	6,785	6,300
Materials, Supplies and Services	3,699	8,000
Salaries	470,943	481,300
Travel & Training	74,474	59,400
Total Premier's Office	**585,173**	**586,200**
EXECUTIVE COUNCIL OFFICE		
Administration	19,335	28,000
Equipment	2,693	9,400
Materials, Supplies and Services	7,601	7,800
Salaries	1,052,154	1,128,600
Travel & Training	9,792	28,400
Total Executive Council Office	**1,091,575**	**1,202,200**
PLANNING AND RESEARCH		
Professional & Contract Services	14,069	30,000
Planning E.R.D.A.	135,612	190,000
Total Planning & Research	**149,681**	**220,000**
INTERGOVERNMENTAL AFFAIRS		
Salaries	176,922	242,400
Travel & Training	43,572	49,100
Grants		
Canadian Intergovernmental Conference Secretariat	7,900	9,400
Total Intergovernmental Affairs	**228,394**	**300,900**
ACADIAN AND FRANCOPHONE AFFAIRS		
Acadian and Francophone Affairs		
Administration	12,925	11,000
Equipment	3,755	4,100
Materials, Supplies & Services	2,541	13,600
Professional & Contract Services	117,420	82,400
Salaries	341,929	371,200
Travel & Training	31,239	22,500
Grants		
Miscellaneous	53,000	15,500
	562,809	520,300

EXECUTIVE COUNCIL

Continued

	EXPENDITURES $	ESTIMATES $
Acadian Communities Advisory Council		
Administration	2,329	2,700
Materials, Supplies & Services	654	700
Salaries	4,641	6,200
Travel & Training	2,824	2,700
	10,448	12,300
Total Acadian and Francophone Affairs	**573,257**	**532,600**
FREEDOM OF INFORMATION		
Administration	16,312	-
Equipment	8,581	-
Materials, Supplies & Services	4,023	-
Professional & Contract Services	312	-
Salaries	249,747	13,600
Travel	11,039	-
Total Freedom of Information	**290,014**	**13,600**
TOTAL EXECUTIVE COUNCIL	**2,918,094**	**2,855,500**

DEPARTMENT OF FISHERIES, AQUACULTURE AND ENVIRONMENT

	EXPENDITURES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	7,321	8,900
Materials, Supplies & Services	3,079	1,000
Professional & Contract Services	1,429	2,000
Salaries	215,815	189,600
Travel & Training	9,995	31,000
Grants		
C.C.R.E.M	4,965	8,100
Miscellaneous	10,000	1,200
Total Department Management	**252,604**	**241,800**
POLLUTION PREVENTION		
Administration		
Administration	25,797	22,900
Equipment	1,289	1,300
Materials, Supplies & Services	3,376	3,000
Professional & Contract Services	116	-
Salaries	247,609	146,200
Travel & Training	19,870	16,700
	298,057	190,100
Air and Hazardous Materials		
Administration	9,825	1,800
Equipment	9,820	51,000
Materials, Supplies & Services	42,214	35,100
Professional & Contract Services	68,248	46,200
Salaries	351,186	367,100
Travel & Training	49,228	53,600
Grants		
Miscellaneous	3,500	3,500
	534,021	558,300
Environmental Industries		
Administration	1,750	7,100
Equipment	5,359	5,700
Materials, Supplies & Services	16,482	36,000
Professional & Contract Services	46,300	47,000
Salaries	211,521	185,100
Travel & Training	27,993	28,700
Grants		
Miscellaneous	37,000	37,500
	346,405	347,100

DEPARTMENT OF FISHERIES, AQUACULTURE & ENVIRONMENT Continued

	EXPENDITURES $	ESTIMATES $
Environmental Assessment		
Administration	20,785	400
Equipment	25,976	2,500
Materials, Supplies & Services	9,172	2,000
Professional & Contract Services	231	10,000
Salaries	417,930	145,700
Travel & Training	98,001	19,500
	572,095	180,100
Total Pollution Prevention	**1,750,578**	**1,275,600**
WATER RESOURCES		
Administration		
Administration	26,894	20,000
Equipment	1,517	3,300
Materials, Supplies & Services	49,263	26,100
Professional & Contract Services	33,963	39,600
Salaries	172,258	181,000
Travel & Training	7,038	4,100
	290,933	274,100
Rivers and Estuaries		
Administration	433	900
Equipment	2,333	200
Materials, Supplies & Services	6,725	3,400
Salaries	218,143	237,800
Travel & Training	19,120	21,200
	246,754	263,500
Groundwater		
Administration	68	-
Equipment	4,052	900
Materials, Supplies & Services	4,720	3,600
Professional & Contract Services	2,348	8,900
Salaries	244,321	294,100
Travel & Training	22,131	28,200
	277,640	335,700
Engineering and Utilities		
Administration	934	-
Equipment	455	2,300
Materials, Supplies & Services	23,086	27,400
Professional & Contract Services	24,335	50,000
Salaries	92,354	114,700
Travel & Training	10,782	7,500
	151,946	201,900

DEPARTMENT OF FISHERIES, AQUACULTURE & ENVIRONMENT Continued

	EXPENDITURES $	ESTIMATES $
Microbiology Lab		
Administration	2,174	-
Equipment	13,874	-
Materials, Supplies & Services	54,010	29,500
Professional & Contract Services	45,215	600
Salaries	239,157	214,100
Travel & Training	2,990	800
	357,420	245,000
Shellfish Program		
Materials, Supplies & Services	20,068	5,000
Salaries	51,634	48,100
Travel & Training	8,812	7,600
	80,514	60,700
Pesticide Monitoring Program		
Materials, Supplies & Services	-	3,000
Professional & Contract Services	15,480	16,800
	15,480	19,800
Chemistry Lab		
Administration	1,293	-
Equipment	91	-
Materials, Supplies & Services	30,805	19,800
Professional & Contract Services	3,648	2,100
Salaries	80,997	95,500
Travel & Training	987	600
	117,821	118,000
Total Water Resources	**1,538,508**	**1,518,700**
FISH AND WILDLIFE		
Administration		
Administration	44,472	46,500
Equipment	9,470	3,700
Materials, Supplies & Services	52,455	30,200
Professional & Contract Services	270,228	141,600
Salaries	436,666	425,000
Travel & Training	70,901	68,800
Grants		
Wildlife Conservation	137,278	152,000
	1,021,470	867,800
Wetland Management		
Administration	16	-
Professional & Contract Services	116,525	102,900
Salaries	51,948	52,300
	168,489	155,200

DEPARTMENT OF FISHERIES, AQUACULTURE & ENVIRONMENT

Continued

	EXPENDITURES $	ESTIMATES $
Habitat Protection and Enhancement		
Administration	7,508	7,200
Equipment	1,481	4,000
Materials, Supplies & Services	3,112	4,100
Professional & Contract Services	235	-
Salaries	176,787	197,400
Travel & Training	26,071	28,600
Grants		
Miscellaneous	165,301	172,700
	380,495	414,000
Total Fish and Wildlife	**1,570,454**	**1,437,000**
ADMINISTRATION		
General		
Administration	33,923	45,200
Equipment	9,037	7,800
Materials, Supplies & Services	20,388	15,000
Salaries	357,256	379,100
Travel & Training	6,250	8,900
Total Administration	**426,854**	**456,000**
CORPORATE SERVICES		
Investigation and Enforcement		
Administration	-	13,200
Equipment	-	2,300
Materials, Supplies & Services	-	12,300
Salaries	-	379,800
Travel & Training	-	99,200
Total Administration	**-**	**506,800**
Corporate Services		
Administration	4,791	4,800
Equipment	209	-
Materials, Supplies & Services	2,326	4,000
Salaries	182,230	246,400
Travel & Training	7,888	9,200
	197,444	264,400
Total Corporate Services	**197,444**	**771,200**

DEPARTMENT OF FISHERIES, AQUACULTURE & ENVIRONMENT

Continued

	EXPENDITURES $	ESTIMATES $
FISHERIES AND AQUACULTURE		
Division Management		
Administration	32,358	28,900
Equipment	2,754	-
Materials, Supplies & Services	4,145	1,800
Professional & Contract Services	14,316	15,000
Salaries	147,746	166,000
Travel & Training	15,244	4,800
Grants		
Fisheries Organization Funding	128,007	164,400
Miscellaneous	50,000	50,000
	394,570	430,900
Services		
Administration	3,365	3,500
Equipment	755	4,800
Materials, Supplies & Services	83,585	50,000
Professional & Contract Services	2,804	7,100
Salaries	102,360	101,100
Travel & Training	23,997	26,800
Grants		
Travel Grant for Fisherman	2,000	1,500
Miscellaneous	21,464	50,000
	240,330	244,800
Marine Fisheries		
Administration	1,445	700
Equipment	-	700
Materials, Supplies & Services	42,997	34,300
Professional & Contract Services	81,411	80,000
Salaries	208,835	301,400
Travel & Training	25,900	47,300
Grants		
Test Production	135,000	85,000
Fisherman Tech Advancement	-	6,400
	495,588	555,800
Aquaculture		
Administration	7,201	5,000
Equipment	18,841	20,000
Materials, Supplies & Services	40,525	43,800
Professional & Contract Services	80,703	95,000
Salaries	437,114	420,700
Travel & Training	45,441	41,400
Grants		
Aquaculture Diversification Program	114,295	150,000
Aquaculture Technology Program	26,497	50,000
Shellfish Enhancement	78,503	80,000
Aquaculture Futures Fund	216,713	95,000
Shellfish/Aquaculture Leasing Program	122,747	150,000
Miscellaneous	1,230,988	-
	2,419,568	1,150,900
Total Fisheries and Aquaculture	**3,550,056**	**2,382,400**
TOTAL FISHERIES, AQUACULTURE & ENVIRONMENT	**9,286,498**	**8,082,700**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

	EXPENDITURES $	ESTIMATES $
CORPORATE SERVICES		
Corporate and Strategic Planning		
Administration	38,808	29,400
Equipment	8,212	800
Materials, Supplies & Services	26,876	11,200
Professional & Contract Services	15,760	26,600
Salaries	581,959	615,500
Travel & Training	35,271	46,300
	706,886	729,800
Federal / Provincial Relations and Legislation		
Administration	3,038	3,400
Materials, Supplies & Services	253	600
Salaries	132,831	193,600
Travel & Training	4,372	13,000
	140,494	210,600
Human Resource Management		
Administration	7,072	10,900
Materials, Supplies & Services	2,640	700
Professional & Contract Services	5,377	1,300
Salaries	304,929	234,800
Travel & Training	15,358	7,900
Grants		
Miscellaneous	304,088	80,000
Nursing Recruitment and Retention Strategy	-	871,600
	639,464	1,207,200
Total Corporate Services	**1,486,844**	**2,147,600**
OFFICE OF THE CHIEF HEALTH OFFICER		
General		
Administration	6,650	9,000
Equipment	702	-
Materials, Supplies & Services	70,827	74,500
Professional & Contract Services	30,651	22,000
Salaries	346,000	275,500
Travel & Training	14,332	11,800
Total Office of the Chief Health Officer	**469,162**	**392,800**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES Continued

	EXPENDITURES $	ESTIMATES $
MEDICAL SERVICES		
General		
Administration	15,631	13,800
Equipment	1,714	500
Materials, Supplies & Services	583	2,000
Professional & Contract Services	-	50,000
Salaries	348,203	357,800
Travel & Training	16,555	38,500
Grants		
Primary Care Redesign	-	700,000
Physician Fees	84,574	3,298,500
Miscellaneous	20,017	8,400
	487,277	4,469,500
Medicare Services		
Administration	24,025	32,500
Equipment	2,028	2,500
Materials, Supplies & Services	3,564	7,500
Professional & Contract Services	41,007,744	39,195,700
Salaries	416,261	402,000
Travel	7,213	7,000
	41,460,835	39,647,200
MRI / Linear Accelerator Project		
Professional & Contract Services	212,342	-
Physician Recruitment and Training		
Administration	1,934	9,400
Equipment	646	-
Materials, Supplies & Services	15,716	15,000
Professional & Contract Services	29,617	20,000
Salaries	58,651	70,600
Travel & Training	14,082	42,000
Grants		
Miscellaneous	837,238	905,000
	957,884	1,062,000
Total Medical Services	**43,118,338**	**45,178,700**

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
FINANCE AND ADMINISTRATION		
Administration	379,456	406,000
Debt	4,820,202	4,964,000
Equipment	3,162	-
Materials, Supplies & Services	74,247	86,500
Professional & Contract Services	323,040	419,000
Salaries	910,771	1,112,500
Travel & Training	39,504	46,000
Grants		
Health Region Grants	198,882	-
Gertrude Cotton Trust	4,300	5,000
Comprehensive Home Repair Program	378,155	300,000
Nursing Education Bursaries	270,000	270,000
Private Nursing	452,859	422,400
Hospital Capital Repairs Grants	96,389	309,600
Total Finance and Administration	**7,950,967**	**8,341,000**
HEALTH INFORMATICS AND VITAL STATISTICS		
Information Resources		
Administration	9,146	9,500
Materials, Supplies & Services	8,923	19,500
Salaries	442,794	449,100
Travel & Training	3,189	7,000
	464,052	485,100
Implementation and Support		
Administration	13,199	15,900
Equipment	691	500
Materials, Supplies & Services	75	600
Salaries	783,278	741,000
Travel	7,095	7,000
	804,338	765,000
Island Health Information System Project		
Administration	35,364	25,500
Equipment	450,590	550,800
Materials, Supplies & Services	1,388,160	1,408,300
Professional & Contract Services	2,170,617	2,384,600
Salaries	53,175	70,200
Travel	42,364	95,700
	4,140,270	4,535,100
Information Technology Management		
Administration	4,249	5,000
Equipment	-	5,000
Materials, Supplies & Services	4,413	11,500
Professional & Contract Services	3,215	50,000
Salaries	123,409	124,700
Travel	6,387	19,700
	141,673	215,900

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
ISM / PACS Projects		
Administration	36,152	-
Equipment	327,446	-
Materials, Supplies & Services	56,661	-
Professional & Contract Services	2,682,118	-
Salaries	55,066	-
Travel	29,032	-
Grants		
Miscellaneous	49,112	-
	3,235,537	-
Vital Statistics		
Administration	8,501	12,200
Equipment	-	500
Materials, Supplies & Services	4,954	5,000
Professional & Contract Services	2,536	4,500
Salaries	184,098	178,700
Travel & Training	3,969	3,500
	204,058	204,400
Total Health Informatics and Vital Statistics	8,989,978	6,205,500
ACUTE AND CONTINUING CARE		
Acute Care		
Administration	86,266	48,900
Equipment	43,890	77,800
Materials, Supplies & Services	606,528	749,100
Professional & Contract Services	14,792,822	14,383,500
Salaries	476,970	436,900
Travel & Training	26,359	63,000
Grants		
Ground Ambulance Program	2,744,844	2,737,500
Canadian Blood Agency	3,647,373	3,471,000
Atlantic Research Council	-	28,800
Miscellaneous	20,690	21,000
	22,445,742	22,017,500
General Office		
Administration	6,507	6,700
Equipment	331	500
Materials, Supplies & Services	1,546	2,200
Professional & Contract Services	4,146	6,700
Salaries	360,796	360,600
Travel	6,562	16,700
Grants		
Miscellaneous	3,825	6,300
	383,713	399,700

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Continuing Care		
Administration	6,967	8,800
Materials, Supplies & Services	1,098	1,000
Professional & Contract Services	284	3,300
Salaries	269,984	420,900
Travel & Training	15,897	19,200
Grants		
Miscellaneous	26,860	-
	321,090	453,200
Total Acute and Continuing Care	**23,150,545**	**22,870,400**
PUBLIC HEALTH AND EVALUATION SERVICES		
Public Health Programs		
Administration	13,903	15,700
Equipment	614	800
Materials, Supplies & Services	40,885	30,200
Professional & Contract Services	30,455	9,800
Salaries	366,109	452,100
Travel & Training	11,841	18,900
Grants		
Miscellaneous	132,963	201,500
	596,770	729,000
General Office		
Administration	1,280	3,100
Equipment	201	200
Materials, Supplies & Services	45	2,300
Professional & Contract Services	-	1,000
Salaries	95,299	117,300
Travel	6,181	5,300
Grants		
Miscellaneous	15,761	5,500
	118,767	134,700
Measurement and Accountability		
Administration	4,542	11,100
Equipment	484	-
Materials, Supplies & Services	3,963	5,600
Professional & Contract Services	1,813	20,800
Salaries	261,649	400,800
Travel	10,644	10,900
Grants		
Miscellaneous	266,857	225,000
	549,952	674,200

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Epidemiology Unit		
Administration	3,668	3,000
Equipment	2,610	7,000
Materials, Supplies & Services	134	-
Professional & Contract Services	24,180	35,000
Salaries	113,000	100,000
Travel	7,347	5,000
	150,939	150,000
Reproductive Care Program		
Administration	4,868	7,700
Equipment	-	2,500
Materials, Supplies & Services	3,221	5,400
Professional & Contract Services	15,874	20,700
Salaries	121,300	132,400
Travel	5,499	12,800
	150,762	181,500
Health Information Resource Center		
Administration	7,538	6,700
Equipment	1,061	15,800
Materials, Supplies & Services	4,840	20,500
Professional & Contract Services	13,479	13,000
Salaries	139,941	175,800
Travel & Training	2,045	11,800
	168,904	243,600
Total Public Health And Evaluation Services	**1,736,094**	**2,113,000**
CHILD, FAMILY AND COMMUNITY SERVICES		
Child Welfare Services		
Administration	24,125	15,600
Equipment	-	200
Materials, Supplies & Services	789	5,500
Professional & Contract Services	223,771	392,600
Salaries	353,604	594,500
Travel & Training	17,872	68,600
Grants		
Federation of Foster Families	9,261	38,200
	629,422	1,115,200

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Community Services		
Administration	19,043	25,500
Equipment	-	5,000
Materials, Supplies & Services	24,654	13,600
Professional & Contract Services	149,090	230,500
Salaries	532,189	455,900
Travel & Training	42,899	72,500
Grants		
Health Region Grants	-	34,700
Catholic Family Services Bureau	57,500	57,500
PEI Association for Community Living	40,600	39,800
PEI Education Coalition	8,800	8,800
Canadian Mental Health Association	118,600	118,600
Day Care Centers Maintenance	280,721	310,000
Day Care Centers Special Needs	867,148	580,200
PEI Rape and Sexual Assault	104,700	117,800
Transition House	353,650	373,200
Canadian National Institute for the Blind	68,000	68,000
PEI Council of the Disabled	81,600	80,000
Canadian Mental Health Association	121,798	121,800
Severely Disturbed Children	-	12,700
Early Childhood Development	8,600	8,500
Canadian Mental Health Association	122,900	126,500
Canadian Mental Health Association	408,494	389,900
Professional Services Assistance	1,200	1,300
NGO's Gen	-	204,000
Miscellaneous	128,098	377,300
	3,540,284	3,833,600
General Office		
Administration	1,931	-
Equipment	323	-
Materials, Supplies & Services	167	-
Professional & Contract Services	3,748	-
Salaries	174,910	-
Travel	3,122	-
	184,201	-

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Continued

	EXPENDITURES $	ESTIMATES $
Income Security		
Administration	21,177	28,100
Equipment	-	11,000
Materials, Supplies & Services	11,052	6,600
Professional & Contract Services	70,575	321,300
Salaries	622,794	643,400
Travel & Training	43,122	80,700
Grants		
Employability Assistance	139,673	143,100
Miscellaneous	461,923	1,449,200
	1,370,316	2,683,400
Total Child, Family and Community Services	**5,724,223**	**7,632,200**
IN PROVINCE ACUTE CARE HOSPITALS		
General		
Grants		
Western Hospital	3,203,900	3,194,600
Community Hospital	3,472,200	3,462,900
Stewart Memorial Hospital	1,567,800	1,567,800
Prince County Hospital	21,813,500	21,051,200
Queen Elizabeth Hospital	63,042,100	61,138,000
Kings County Memorial Hospital	4,132,600	4,075,900
Souris Hospital	3,150,800	3,094,100
Total In Province Acute Care Hospitals	**100,382,900**	**97,584,500**
REGIONAL SERVICES		
Grants		
Regional Administration	157,423,031	152,401,700
Total Regional Services	**157,423,031**	**152,401,700**
TOTAL HEALTH AND SOCIAL SERVICES	**350,432,082**	**344,867,400**

EAST PRINCE HEALTH FACILITY

	EXPENDITURES $	ESTIMATES $
EAST PRINCE HEALTH FACILITY		
Administration	29,849	-
Equipment	20,415	-
Materials, Supplies & Services	4,745	-
Professional & Contract Services	1,365,500	785,000
Salaries	-	200,000
Travel & Training	-	15,000
Grants		
Miscellaneous	18,720,967	12,000,000
TOTAL EAST PRINCE HEALTH FACILITY	**20,141,476**	**13,000,000**

LEGISLATIVE ASSEMBLY

	EXPENDITURES $	ESTIMATES $
LEGISLATIVE SERVICES		
Administration	112,066	123,500
Equipment	16,814	34,300
Materials, Supplies and Services	37,113	35,600
Professional & Contract Services	55,422	56,900
Salaries	852,105	967,100
Travel & Training	13,426	14,700
Grants		
Opposition Members Office	53,300	53,300
Commonwealth Parliamentary Association	34,877	16,000
Government Members Office	85,000	85,000
Total Legislative Services	**1,260,123**	**1,386,400**
MEMBERS		
Administration	124	-
Equipment	128	-
Materials, Supplies and Services	57	-
Salaries	1,340,547	1,371,700
Travel & Training	117,182	132,900
Total Members	**1,458,038**	**1,504,600**
OFFICE OF THE CONFLICT OF INTEREST COMMISSIONER		
Professional & Contract Services	3,333	30,000
Salaries	16,154	-
Travel & Training	-	3,700
Total Office of the Conflict of Interest Commissioner	**19,487**	**33,700**
ELECTIONS		
General		
Administration	11,068	5,700
Equipment	1,110	2,800
Materials, Supplies and Services	2,483	3,700
Professional & Contract Services	-	4,000
Salaries	159,640	156,800
Travel & Training	5,262	5,000
	179,563	178,000
Election Expenses		
Professional & Contract Services	4,712	-
	4,712	-
Total Elections	**184,275**	**178,000**
TOTAL LEGISLATIVE ASSEMBLY	**2,921,923**	**3,102,700**

DEPARTMENT OF THE PROVINCIAL TREASURY

	EXPENDITURES $	ESTIMATES $
ADMINISTRATION		
General		
Administration	20,505	20,700
Equipment	3,642	6,000
Materials, Supplies & Services	1,770	3,600
Professional & Contract Services	1,391	25,800
Salaries	338,627	424,900
Travel & Training	50,521	76,000
Total Administration	**416,456**	**557,000**
FISCAL MANAGEMENT		
General		
Administration	34,101	45,600
Equipment	30,789	20,000
Materials, Supplies & Services	4,735	30,900
Professional & Contract Services	134,306	137,300
Salaries	619,177	771,600
Travel & Training	43,270	45,000
Total Fiscal Management	**866,378**	**1,050,400**
POLICY AND EVALUATION		
General		
Administration	5,318	5,100
Equipment	2,422	1,000
Materials, Supplies & Services	686	1,900
Salaries	248,305	249,700
Travel & Training	2,636	7,500
	259,367	265,200
Risk Management and Insurance		
Administration	5,616	5,200
Equipment	757	1,300
Materials, Supplies & Services	1,200	800
Professional & Contract Services	45,543	43,800
Salaries	167,958	184,000
Travel & Training	5,369	6,700
	226,443	241,800
Total Policy and Evaluation	**485,810**	**507,000**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
TAXATION AND PROPERTY RECORDS		
Administration		
Administration	25,191	19,800
Debt	882,100	1,052,100
Materials, Supplies & Services	14,164	12,200
Salaries	354,879	260,000
Travel & Training	15,629	11,900
	1,291,963	1,356,000
Tax Audit, Collection and Inspection Services		
Salaries	905,936	968,400
Travel & Training	90,393	85,600
	996,329	1,054,000
Tax Administration and Client Services		
Administration	143,193	145,000
Equipment	16,367	30,300
Materials, Supplies & Services	49,606	60,800
Professional & Contract Services	470,063	326,600
Salaries	1,082,197	1,288,400
Travel & Training	6,527	15,200
	1,767,953	1,866,300
Information Technology and Geomatics Services		
Equipment	354,458	87,600
Materials, Supplies & Services	67,217	83,500
Professional & Contract Services	-	5,000
Salaries	441,023	473,300
Travel & Training	28,658	31,600
	891,356	681,000
Property Assessment Services		
Materials, Supplies & Services	3,203	6,100
Salaries	877,715	955,400
Travel & Training	57,408	65,000
	938,326	1,026,500
Total Taxation and Property Records	**5,885,927**	**5,983,800**
OFFICE OF THE COMPTROLLER		
Accounting		
Administration	25,536	26,300
Equipment	35,511	43,700
Materials, Supplies & Services	418,913	375,500
Professional & Contract Services	63,408	70,700
Salaries	651,825	687,400
Travel & Training	27,164	14,600
	1,222,357	1,218,200

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
Procurement		
Administration	9,949	11,900
Equipment	-	6,200
Materials, Supplies & Services	-	2,700
Professional & Contract Services	-	2,000
Salaries	277,297	316,900
Travel & Training	4,892	6,800
	292,138	346,500
Total Office of the Comptroller	**1,514,495**	**1,564,700**
INFORMATION SERVICES		
Document Publishing Centre		
Administration	948,640	939,000
Materials, Supplies & Services	480,537	480,900
Professional & Contract Services	47,808	50,000
Salaries	509,702	490,500
Travel & Training	3,564	4,600
	1,990,251	1,965,000
Multimedia Services		
Administration	9,951	14,700
Equipment	33,408	6,200
Materials, Supplies & Services	64,503	69,200
Professional & Contract Services	6,634	3,500
Salaries	647,320	652,000
Travel & Training	14,736	26,900
	776,552	772,500
Strategic Marketing and Design		
Administration	18,588	33,900
Equipment	13,322	-
Materials, Supplies & Services	40,734	77,500
Professional & Contract Services	500	-
Salaries	350,406	391,600
Travel & Training	3,809	8,500
	427,359	511,500
Administration		
Administration	5,086	3,500
Equipment	1,832	1,400
Materials, Supplies & Services	34,458	1,100
Salaries	99,598	295,900
Travel & Training	43	-
	141,017	301,900
Total Information Services	**3,335,179**	**3,550,900**

DEPARTMENT OF THE PROVINCIAL TREASURY

Continued

	EXPENDITURES $	ESTIMATES $
ECONOMICS, STATISTICS AND FEDERAL FISCAL RELATIONS		
General		
Administration	7,445	11,900
Equipment	2,772	3,500
Materials, Supplies & Services	6,070	2,800
Professional & Contract Services	41,685	50,500
Salaries	343,589	358,700
Travel & Training	38,943	49,300
Total Economics, Statistics and Federal Fiscal Relations	**440,504**	**476,700**
INFORMATION TECHNOLOGY MANAGEMENT GROUP		
Administration		
Administration	27,556	30,800
Equipment	4,317	1,000
Materials, Supplies & Services	8,008	5,200
Professional & Contract Services	86,628	-
Salaries	282,215	481,000
Travel & Training	128,200	141,800
	536,924	659,800
Information Systems Delivery		
Administration	23,593	16,500
Equipment	8,389	500
Materials, Supplies & Services	3,448	5,700
Professional & Contract Services	35,984	16,000
Salaries	1,335,712	1,487,800
Travel & Training	46,442	19,900
	1,453,568	1,546,400
IT Operations		
Administration	62,498	71,500
Equipment	144,957	5,300
Materials, Supplies & Services	829,480	902,300
Professional & Contract Services	21,273	-
Salaries	1,023,663	1,120,100
Travel & Training	29,362	20,900
	2,111,233	2,120,100
Telecommunications		
Administration	72,848	56,800
Equipment	19,013	14,300
Materials, Supplies & Services	639,724	527,800
Professional & Contract Services	5,000	-
Salaries	446,543	421,100
Travel & Training	19,009	10,700
	1,202,137	1,030,700
Total Information Technology Management Group	**5,303,862**	**5,357,000**
TOTAL DEPARTMENT OF THE PROVINCIAL TREASURY	**18,248,611**	**19,047,500**

GENERAL GOVERNMENT

	EXPENDITURES $	ESTIMATES $
MISCELLANEOUS GENERAL		
Administration	103,443	130,000
Professional & Contract Services	-	35,900
Travel & Training	146,814	95,900
Total Miscellaneous General	**250,257**	**261,800**
GRANTS		
Eastern Canadian Premiers Secretariat	4,274	5,100
Relief from Property Tax	642,066	776,000
Charlottetown Driving Park	793,023	725,000
Prince County Horseman's Association	153,544	85,000
Miscellaneous	346,780	348,600
Total Grants	**1,939,687**	**1,939,700**
GOVERNMENT INSURANCE PROGRAM		
Insurance Policies		
Administration	886,034	868,400
Total Government Insurance Program	**886,034**	**868,400**
CONTINGENCY FUND		
Professional & Contract Services	285,947	-
Grants		
Miscellaneous	3,106,070	4,500,000
Total Contingency Fund	**3,392,017**	**4,500,000**
TOTAL GENERAL GOVERNMENT	**6,467,995**	**7,569,900**

P.E.I. LENDING AGENCY

	EXPENDITURES $	ESTIMATES $
GENERAL		
Grants - Net Lending Operations	733,900	811,700
TOTAL PEI LENDING AGENCY	**733,900**	**811,700**

COUNCIL OF MARITIME PREMIERS

	EXPENDITURES $	ESTIMATES $
COUNCIL OF MARITIME PREMIERS		
Atlantic Provinces Education Foundation	12,097	16,200
Council of Maritime Premiers Secretariat	81,014	76,700
Maritime Municipal Training & Development Board	16,198	24,600
Maritime Provinces Higher Education Commission	62,067	50,800
Geomatics Board	12,280	15,400
TOTAL COUNCIL OF MARITIME PREMIERS	**183,656**	**183,700**

INTERMINISTERIAL WOMEN'S SECRETARIAT

	EXPENDITURES $	ESTIMATES $
INTERMINISTERIAL WOMEN'S SECRETARIAT		
Administration	1,757	1,000
Equipment	53	-
Materials, Supplies and Services	398	500
Professional & Contract Services	4,192	18,500
Salaries	112,406	119,600
Travel	4,395	6,000
Grants		
Family Violence	50,000	50,000
Advisory Council on the Status of Women	144,300	144,300
Women's Network	4,252	5,400
TOTAL INTERMINISTERIAL WOMEN'S SECRETARIAT	**321,753**	**345,300**

PUBLIC SERVICE COMMISSION

	EXPENDITURES	ESTIMATES
	$	$
MANAGEMENT		
Administration	40,381	18,200
Materials, Supplies and Services	4,739	3,100
Professional & Contract Services	13,762	55,100
Salaries	157,886	155,700
Travel & Training	10,431	15,300
Total Management	**227,199**	**247,400**
CLASSIFICATION AND LABOUR RELATIONS		
Personnel Services		
Administration	2,246	-
Equipment	3,029	-
Professional & Contract Services	2,265	-
Salaries	218,783	98,700
Travel & Training	3,197	-
	229,520	98,700
Classification Services		
Administration	5,005	4,600
Equipment	1,010	-
Materials, Supplies and Services	11,366	2,000
Professioal & Contract Services	753,764	720,000
Salaries	349,493	267,300
Travel & Training	8,446	4,300
	1,129,084	998,200
Total Classification and Labour	**1,358,604**	**1,096,900**
LEARNING AND STAFF DEVELOPMENT		
Learning Centre		
Administration	70,142	46,200
Equipment	1,060	900
Materials, Supplies and Services	7,047	8,300
Professional & Contract Services	38,749	15,000
Salaries	280,174	301,300
Travel & Training	6,336	13,300
	403,508	385,000

PUBLIC SERVICE COMMISSION

Continued

	EXPENDITURES $	ESTIMATES $
Employee Assistance Programs		
Administration	20,043	17,200
Equipment	-	500
Materials, Supplies and Services	2,110	5,300
Salaries	193,263	194,000
Travel & Training	5,338	7,600
	220,754	224,600
Occupational Health and Safety		
Administration	4,161	5,100
Equipment	7,873	-
Materials, Supplies and Services	2,824	5,700
Professional & Contract Services	275	15,000
Salaries	128,830	129,600
Travel & Training	9,821	11,500
	153,784	166,900
Language Training		
Administration	7,702	9,000
Equipment	4,461	-
Materials, Supplies and Services	4,366	2,000
Salaries	266,509	239,800
Travel & Training	5,067	7,000
	288,105	257,800
Administration		
Administration	-	2,000
Materials, Supplies and Services	-	500
Salaries	-	225,900
Travel & Training	-	4,000
	-	232,400
Total Learning and Staff Development	**1,066,151**	**1,266,700**
STAFFING AND HUMAN RESOURCES PLANNING		
Administration	35,435	35,200
Equipment	2,668	900
Materials, Supplies and Services	46,043	32,700
Professional & Contract Services	6,000	-
Salaries	917,268	930,200
Travel & Training	19,949	16,200
Grants		
Miscellaneous	18,269	30,000
Total Staffing and Human Resource Planning	**1,045,632**	**1,045,200**

PUBLIC SERVICE COMMISSION

Continued

	EXPENDITURES $	ESTIMATES $
CORPORATE SERVICES, SYSTEMS AND ADMINISTRATION		
Systems and Administration		
Administration	9,622	4,200
Equipment	18,634	-
Materials, Supplies and Service	7,289	4,000
Professional & Contract Services	851,540	853,500
Salaries	280,801	273,300
Travel & Training	4,978	13,800
	1,172,864	1,148,800
Employee Benefits		
Administration	6,915	11,300
Equipment	5,230	1,500
Materials, Supplies and Services	2,264	5,200
Professional & Contract Services	-	5,000
Salaries	263,735	263,000
Travel & Training	5,599	4,500
	283,743	290,500
Corporate Services		
Administration	5,313	4,500
Equipment	7,133	7,500
Materials, Supplies and Service	18,302	16,000
Professional & Contract Services	26,944	35,000
Salaries	74,255	106,300
Travel & Training	13,548	19,000
	145,495	188,300
Total Corporate Services, Systems and Administration	1,602,102	1,627,600
TOTAL PUBLIC SERVICE COMMISSION	**5,299,688**	**5,283,800**

EMPLOYEE BENEFITS

	EXPENDITURES $	ESTIMATES $
MEDICAL / LIFE BENEFITS		
Administration	70	-
Salaries	159,902	597,000
	159,972	**597,000**
EMPLOYEES' FUTURE BENEFITS		
Salaries	**10,442,424**	**1,707,400**
GOVERNMENT PENSION CONTRIBUTION		
Salaries	**5,184,303**	**8,184,900**
PENSION MANAGEMENT		
Administration	25,228	14,800
Equipment	2,401	5,000
Professional & Contract Services	61,632	200,500
Salaries	77,894	28,500
	167,155	**248,800**
TOTAL EMPLOYEE BENEFITS	**15,953,854**	**10,738,100**

DEPARTMENT OF TOURISM

	EXPENDITURES $	ESTIMATES $
DEPARTMENT MANAGEMENT		
Administration	8,283	15,600
Equipment	1,227	3,000
Materials, Supplies & Services	25,090	19,600
Professional & Contract Services	781	18,500
Salaries	46,713	90,200
Travel & Training	8,131	16,700
TOTAL TOURISM	**90,225**	**163,600**

TOURISM PEI

	EXPENDITURES $	ESTIMATES $
TOURISM PEI		
Grants		
Tourism PEI Inc	11,702,667	10,744,600
TOTAL TOURISM PEI	**11,702,667**	**10,744,600**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENDITURES $	ESTIMATES $
DEPARTMENTAL MANAGEMENT		
Executive Office		
Administration	22,860	22,300
Equipment	2,807	1,100
Materials, Supplies & Services	809	17,100
Salaries	256,524	242,600
Travel & Training	33,122	32,000
	316,122	315,100
Director's Office - Finance, HR and Operations		
Administration	5,549	14,100
Equipment	-	1,200
Materials, Supplies & Services	-	500
Professional & Contract Services	8,247	35,300
Salaries	267,971	251,600
Travel & Training	5,551	4,800
	287,318	307,500
Finance Section		
Administration	22,619	22,100
Debt	161,342	-
Equipment	1,196	2,400
Materials, Supplies & Services	17,570	7,300
Salaries	278,791	293,200
Travel & Training	2,659	4,500
	484,177	329,500
Human Resources Section		
Administration	2,662	5,100
Equipment	98,193	200
Materials, Supplies & Services	657	2,400
Professional & Contract Services	148,898	134,700
Salaries	353,074	381,300
Travel & Training	8,647	10,300
	612,131	534,000
Total Departmental Management	**1,699,748**	**1,486,100**
HIGHWAY SAFETY OPERATIONS		
Highway Safety Administration		
Administration	66,299	65,800
Equipment	8,249	24,600
Materials, Supplies & Services	9,401	3,000
Professional & Contract Services	192,785	261,400
Salaries	40,732	78,800
Travel & Training	7,083	11,000
	324,549	444,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS Continued

	EXPENDITURES $	ESTIMATES $
Promotion Highway Safety		
Administration	6,439	9,600
Equipment	3,518	10,900
Materials, Supplies & Services	106,001	57,400
Professional & Contract Services	43,324	3,700
Salaries	376,588	486,400
Travel & Training	19,037	35,600
	554,907	603,600
Registration and Licensing		
Administration	3,448	11,600
Equipment	1,776	9,500
Materials, Supplies & Services	287,788	90,700
Professional & Contract Services	-	1,000
Salaries	178,985	187,700
Travel & Training	7,565	6,400
	479,562	306,900
Records		
Salaries	184,685	183,400
	184,685	183,400
Summerside Deputy Registrar's Office		
Salaries	139,610	160,000
Travel & Training	1,667	1,500
	141,277	161,500
Highway Scales		
Administration	14,991	9,800
Equipment	76,307	63,400
Materials, Supplies & Services	26,546	23,600
Professional & Contract Services	6,622	9,800
Salaries	507,924	445,300
Travel & Training	11,930	22,600
	644,320	574,500
Total Highway Safety Operations	**2,329,300**	**2,274,500**
ENVIRONMENTAL MANAGEMENT		
General		
Administration	11,054	7,500
Equipment	4,067	8,600
Materials, Supplies & Services	2,894	4,500
Professional & Contract Services	39,998	23,100
Salaries	269,411	334,600
Travel & Training	45,715	36,200
Total Environmental Management	**373,139**	**414,500**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
HIGHWAY MAINTENANCE OPERATIONS		
Highway Maintenance Administration - Director's Office		
Administration	16,603	14,800
Equipment	4,004	3,000
Materials, Supplies & Services	28,593	21,000
Professional & Contract Services	80,385	100,700
Salaries	252,618	271,400
Travel & Training	24,294	22,900
Grants		
Slemon Park	75,162	80,600
	481,659	514,400
Maintenance Administration - Western Region		
Administration	38,318	34,100
Equipment	4,802	2,500
Materials, Supplies & Services	2,078	4,100
Salaries	343,901	397,800
Travel & Training	30,563	59,800
	419,662	498,300
Maintenance Administration - Central Region		
Administration	59,812	51,000
Equipment	1,006	2,000
Materials, Supplies & Services	1,832	600
Salaries	457,858	446,700
Travel & Training	33,302	62,400
	553,810	562,700
Maintenance Administration - Eastern Region		
Administration	58,184	46,600
Equipment	1,174	2,000
Materials, Supplies & Services	7,189	700
Salaries	443,195	426,600
Travel & Training	72,450	89,400
	582,192	565,300
Highway Maintenance - Zone Operations - Western		
Administration	404	-
Materials, Supplies & Services	1,497	1,000
Salaries	2,073,004	2,091,800
Travel & Training	78,457	63,900
	2,153,362	2,156,700
Highway Maintenance - Zone Operations - Central		
Equipment	62	-
Materials, Supplies & Services	1,591	-
Salaries	3,067,248	2,842,700
Travel & Training	78,165	15,600
	3,147,066	2,858,300
Highway Maintenance - Zone Operations - Eastern		
Administration	-	3,300
Equipment	80	-
Salaries	2,120,484	2,258,600
Travel & Training	33,635	24,100
	2,154,199	2,286,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Summer Maintenance - Western Region		
Equipment	6,107	8,000
Materials, Supplies & Services	1,617,875	1,822,800
Professional & Contract Services	95,036	80,200
Travel & Training	1,029	-
	1,720,047	1,911,000
Summer Maintenance - Central Region		
Materials, Supplies & Services	2,105,589	2,096,000
Professional & Contract Services	156,946	33,000
Travel & Training	1,206	-
	2,263,741	2,129,000
Summer Maintenance - Eastern Region		
Administration	2,433	-
Materials, Supplies & Services	1,423,541	1,579,900
Professional & Contract Services	46,704	47,400
Travel & Training	658	-
	1,473,336	1,627,300
Summer Maintenance - Rails to Trails Maintenance		
Administration	11,261	-
Materials, Supplies & Services	201,220	50,400
Professional & Contract Services	150,639	-
Salaries	322,466	272,800
Travel & Training	28,737	20,800
	714,323	344,000
Winter Maintenance - Western Region		
Materials, Supplies & Services	1,070,348	953,300
Professional & Contract Services	2,551,144	2,782,100
Salaries	431,652	351,900
	4,053,144	4,087,300
Winter Maintenance - Central Region		
Materials, Supplies & Services	1,307,287	1,384,500
Professional & Contract Services	2,127,338	2,435,000
Salaries	600,167	281,000
Travel & Training	5,715	-
	4,040,507	4,100,500
Winter Maintenance - Eastern Region		
Equipment	80	-
Materials, Supplies & Services	894,565	879,400
Professional & Contract Services	1,147,557	1,293,200
Salaries	376,868	329,400
Travel & Training	4,191	4,000
	2,423,261	2,506,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Mechanical - Charlottetown Garage - Direct		
Administration	23,891	35,900
Equipment	398	-
Materials, Supplies & Services	1,387,045	1,210,200
Salaries	1,756,316	1,765,300
Travel & Training	3,633	4,100
	3,171,283	3,015,500
Mechanical - Charlottetown Garage - Indirect		
Administration	65,741	64,000
Equipment	100,937	58,300
Materials, Supplies & Services	225,904	292,700
Professional & Contract	27,003	20,000
Salaries	552,036	571,600
Travel & Training	6,159	4,000
	977,780	1,010,600
Mechanical - Summerside Garage - Direct		
Administration	17,672	16,100
Equipment	318	-
Materials, Supplies & Services	856,798	778,400
Professional & Contract	18,143	20,100
Salaries	621,135	550,500
Travel & Training	6,224	12,500
	1,520,290	1,377,600
Mechanical - Summerside Garage - Indirect		
Administration	13,034	24,100
Equipment	4,447	4,400
Materials, Supplies & Services	66,826	70,600
Professional & Contract	611	-
Salaries	73,112	92,700
Travel & Training	3,467	4,900
	161,497	196,700
Mechanical - Operators - Western Region		
Equipment	80	-
Materials, Supplies & Services	4,612	4,600
Salaries	892,185	922,500
Travel & Training	16,820	13,300
	913,697	940,400
Mechanical - Operators - Central Region		
Administration	2,415	-
Equipment	93	-
Materials, Supplies & Services	71,270	45,500
Salaries	1,777,219	1,845,100
Travel & Training	35,316	12,700
	1,886,313	1,903,300

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS Continued

	EXPENDITURES $	ESTIMATES $
Mechanical - Operators - Eastern Region		
Administration	665	900
Materials, Supplies & Services	11,191	9,400
Salaries	837,412	907,100
Travel & Training	17,046	12,300
	866,314	929,700
Mechanical - Bridgetown Highways Garage		
Administration	29,806	38,600
Equipment	13,015	5,800
Materials, Supplies & Services	702,972	488,800
Professional & Contract Services	52,394	1,600
Salaries	716,138	738,400
Travel & Training	6,096	4,200
	1,520,421	1,277,400
Highway Enhancement		
Administration	285	-
Equipment	-	-
Materials, Supplies & Services	33,579	-
Professional & Contract Services	9,776	-
Salaries	787,149	-
Travel	316	-
	831,105	-
Bridge Maintenance - Operations		
Administration	7,597	-
Equipment	80	-
Materials, Supplies & Services	423,358	136,300
Professional & Contract Services	67,501	70,500
Salaries	501,510	569,400
Travel & Training	26,187	6,000
	1,026,233	782,200
Bridge Maintenance - Hillsborough Bridge		
Professional & Contract Services	779,583	1,208,400
	779,583	1,208,400
Total Highway Maintenance Operations	**39,834,825**	**38,788,600**
PUBLIC WORKS OPERATIONS		
Public Works Operations - Administration		
Administration	7,213	8,700
Equipment	44,406	27,400
Materials, Supplies & Services	13,081	18,900
Professional & Contract Services	57,848	85,600
Salaries	607,745	916,100
Travel & Training	30,262	45,700
	760,555	1,102,400

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Public Works Operations Administration - District Heating Plant		
Materials, Supplies & Services	118,847	220,700
Professional & Contract Services	2,222,783	2,215,400
	2,341,630	2,436,100
Building Maintenance Direct-Dr Eric Found Health Centre		
Administration	31,988	-
Materials, Supplies & Services	24,237	37,600
Professional & Contract Services	114,219	-
	170,444	37,600
Building Maintenance Direct-Shaw & Sullivan Buildings		
Administration	282,074	349,000
Equipment	52,504	-
Materials, Supplies & Services	589,041	616,500
Professional & Contract Services	272,426	215,900
Salaries	769,529	593,500
Travel & Training	-	6,000
	1,965,574	1,780,900
Building Maintenance Direct-Jones Building		
Administration	162,875	149,500
Equipment	1,014	-
Materials, Supplies & Services	183,367	189,900
Professional & Contract Services	25,522	43,300
Salaries	157,202	190,500
Travel	199	-
	530,179	573,200
Building Maintenance Direct-Province House		
Administration	32,756	30,600
Equipment	408	-
Materials, Supplies & Services	85,625	99,300
Professional & Contract Services	11,036	6,300
Salaries	40,755	33,400
	170,580	169,600
Building Maintenance Direct-Province House Annex		
Administration	7,175	6,100
Materials, Supplies & Services	16,023	32,200
Professional & Contract Services	12,155	9,100
	35,353	47,400
Building Maintenance Direct-Government House		
Administration	32,109	22,600
Equipment	42,332	10,100
Materials, Supplies & Services	94,335	93,000
Professional & Contract Services	104,363	30,000
Salaries	229,681	228,700
Travel & Training	3,810	3,500
	506,630	387,900

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Maintenance Direct-Customs House		
Administration	7,870	8,400
Materials, Supplies & Services	15,586	36,300
Professional & Contract Services	13,402	10,800
Salaries	-	2,300
	36,858	57,800
Building Maintenance Direct-Portable Classrooms		
Materials, Supplies & Services	28,777	14,000
Professional & Contract Services	449	10,100
	29,226	24,100
Building Maintenance Direct-Coles Building		
Administration	37,850	40,600
Materials, Supplies & Services	29,713	53,400
Professional & Contract Services	20,415	20,100
Salaries	34,424	-
	122,402	114,100
Building Maintenance Direct-Prince County Jail & Courthouse		
Administration	14,418	19,000
Equipment	487	-
Materials, Supplies & Services	56,025	81,700
Professional & Contract Services	10,384	6,000
Salaries	30,759	50,800
	112,073	157,500
Building Maintenance Direct-Summerside Youth Centre		
Administration	79,526	99,000
Materials, Supplies & Services	121,175	143,800
Professional & Contract Services	18,890	16,100
Salaries	49,491	37,000
Travel	35	-
	269,117	295,900
Building Maintenance Direct-Provincial Correctional Centre		
Administration	22,868	7,700
Equipment	443	1,400
Materials, Supplies & Services	176,559	205,500
Professional & Contract Services	12,261	4,000
Salaries	38,182	40,500
	250,313	259,100
Building Maintenance Direct-Montague Office Complex		
Administration	7,177	7,000
Equipment	124	-
Materials, Supplies & Services	44,635	60,100
Professional & Contract Services	33,385	18,100
	85,321	85,200

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Maintenance Direct-Southern Kings		
Administration	4,682	4,400
Materials, Supplies & Services	35,256	55,500
Professional & Contract Services	35,969	17,100
	75,907	77,000
Building Maintenance Direct-West Prince RSC		
Administration	7,695	8,000
Materials, Supplies & Services	28,078	51,300
Professional & Contract Services	61,797	15,600
	97,570	74,900
Building Maintenance Direct-Small Buildings		
Administration	37,075	47,400
Equipment	-	1,000
Materials, Supplies & Services	302,170	560,000
Professional & Contract Services	125,305	41,400
Salaries	90,134	59,600
Travel & Training	3,343	-
	558,027	709,400
Building Maintenance Direct-Highways Materials Testing Lab		
Administration	2,432	3,000
Materials, Supplies & Services	26,137	42,200
Professional & Contract Services	7,856	14,100
Salaries	20,285	-
	56,710	59,300
Building Maintenance Direct-Brighton Road Office Complex		
Administration	2,041	25,000
Materials, Supplies & Services	16,712	56,600
Professional & Contract Services	26,653	32,200
Salaries	-	11,400
	45,406	125,200
Building Maintenance Direct-Holland College - Royalty		
Administration	9,175	-
Materials, Supplies & Services	323,454	410,000
Professional & Contract Services	2,256	-
	334,885	410,000
Building Maintenance Direct-North Cape Wind Site		
Administration	-	116,000
Materials, Supplies & Services	56,046	-
	56,046	116,000
Building Accommodations - Small Lease Accommodations		
Administration	399,168	323,800
Materials, Supplies & Services	12,363	12,900
Professional & Contract Services	35,010	4,400
	446,541	341,100

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations - Evangeline RSC		
Administration	57,931	47,700
Materials, Supplies & Services	2,496	3,800
	60,427	51,500
Building Accommodations-Johnny Ross Young RSC		
Administration	187,800	187,700
Materials, Supplies & Services	10,646	8,900
Professional & Contract Services	1,900	-
	200,346	196,600
Building Accommodations-Research Station		
Administration	264,229	18,400
Materials, Supplies & Services	9,423	285,500
	273,652	303,900
Building Accommodations-Queens Region Health Authority		
Administration	386,768	400,100
Materials, Supplies & Services	462	5,000
Professional & Contract Services	96	-
	387,326	405,100
Building Accommodations - Health Agency		
Administration	349,945	295,800
Materials, Supplies & Services	992	5,000
Professional & Contract Services	1,071	-
	352,008	300,800
Building Accommodations - Media Centre		
Administration	48,031	56,300
Materials, Supplies & Services	4,559	-
Professional & Contract Services	99	-
	52,689	56,300
Building Accommodations-Provincial Library Morell		
Administration	172,496	163,000
Materials, Supplies & Services	445	-
Professional & Contract Services	3,724	-
	176,665	163,000
Building Accommodations - St. Paul's Rectory		
Administration	26,076	20,900
Materials, Supplies & Services	7,015	11,100
Professional & Contract Services	5,265	4,000
	38,356	36,000
Building Accommodations - Holland College		
Administration	3,051	58,500
	3,051	58,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations - Albert Thomas Building		
Administration	59,110	51,300
Materials, Supplies & Services	17,325	22,600
Professional & Contract Services	7,601	5,500
	84,036	79,400
Building Accommodations - Sherwood Fire Hall		
Administration	104,452	170,100
Materials, Supplies & Services	8,806	1,000
Professional & Contract Services	2,294	11,100
Salaries	36,410	31,000
	151,962	213,200
Building Accommodations - Concorde Building		
Administration	147,991	153,000
Materials, Supplies & Services	-	5,000
	147,991	158,000
Building Accommodations - Davies Law Court		
Administration	647,787	566,300
Materials, Supplies & Services	130,325	98,200
Professional & Contract Services	202,878	130,200
	980,990	794,700
Building Accommodations - Highway Safety Office		
Administration	155,690	137,000
Materials, Supplies & Services	229	10,100
	155,919	147,100
Building Accommodations - Stonehouse VIC		
Administration	48,363	43,500
Materials, Supplies & Services	5,230	5,500
Professional & Contract Services	10,197	1,600
	63,790	50,600
Building Accommodations - Cambridge Building		
Administration	46,249	144,800
Materials, Supplies & Services	4,002	11,900
Professional & Contract Services	8,562	7,200
	58,813	163,900
Building Accommodations - Fisheries Warehouse		
Administration	40,268	35,600
Materials, Supplies & Services	7,976	9,400
Professional & Contract Services	1,373	-
	49,617	45,000
Building Accommodations - Georgetown Office Accommodations		
Administration	47,330	50,000
Materials, Supplies & Services	1,326	-
Professional & Contract Services	35	-
	48,691	50,000

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Building Accommodations - Kelly Building - Courthouse		
Administration	211,183	278,100
Materials, Supplies & Services	581	37,300
Professional & Contract Services	595	40,000
	212,359	355,400
Building Accommodations - Access PEI - Summerside		
Administration	524,851	583,000
Materials, Supplies & Services	55,145	-
Professional & Contract Services	30,341	-
Travel	840	-
	611,177	583,000
Building Accommodations - Queens County Sheriff's Office		
Administration	54,525	51,000
Materials, Supplies & Services	8,655	-
Professional & Contract Services	-	3,000
	63,180	54,000
Building Accommodations - Technology PEI		
Administration	42,197	48,000
	42,197	48,000
Building Accommodations - Smallman Building		
Administration	7,119	10,000
Materials, Supplies & Services	28,873	60,000
Professional & Contract Services	44,451	-
	80,443	70,000
Properties - Properties		
Administration	95,808	85,700
Equipment	2,997	12,200
Materials, Supplies & Services	27,212	8,500
Professional & Contract Services	8,448	35,700
Salaries	666,607	768,200
Travel & Training	37,697	36,000
	838,769	946,300
Properties - Crown Land Management		
Materials, Supplies & Services	436	17,600
Professional & Contract Services	44,179	25,200
Travel	17	-
	44,632	42,800
Total Public Works Operations	**14,236,433**	**14,814,800**

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES	ESTIMATES
	$	$
CAPITAL PROJECT DIVISION		
Chief Engineer's Office		
Administration	14,844	15,200
Debt	1,585,202	-
Equipment	10,872	6,500
Materials, Supplies & Services	174,034	90,600
Professional & Contract Services	194,791	107,700
Salaries	247,948	253,500
Travel & Training	19,919	28,900
	2,247,610	502,400
Western Region		
Administration	46,962	30,700
Equipment	97,439	63,500
Materials, Supplies & Services	25,493	7,600
Professional & Contract Services	3,686	3,000
Salaries	840,786	1,096,000
Travel & Training	57,281	61,100
	1,071,647	1,261,900
Central Region		
Administration	26,508	27,800
Equipment	36,624	47,200
Materials, Supplies & Services	21,061	25,700
Professional & Contract Services	23,065	1,000
Salaries	859,723	904,500
Travel & Training	39,179	62,400
	1,006,160	1,068,600
Eastern Region		
Administration	16,533	25,100
Equipment	22,880	53,500
Materials, Supplies & Services	53,865	15,500
Professional & Contract Services	900	3,000
Salaries	618,275	865,400
Travel & Training	36,628	75,900
	749,081	1,038,400
Traffic Operations - Western Region		
Administration	5,472	-
Equipment	1,304	2,700
Materials, Supplies & Services	284,991	284,500
Professional & Contract Services	2,734	2,000
Salaries	310,813	322,000
Travel & Training	20,396	11,400
	625,710	622,600

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Traffic Operations - Central Region		
Administration	5,099	2,000
Equipment	352	7,000
Materials, Supplies & Services	554,504	528,800
Professional & Contract Services	11,431	8,200
Salaries	437,440	416,000
Travel & Training	11,972	17,700
	1,020,798	979,700
Traffic Operations - Eastern Region		
Administration	2,363	5,000
Equipment	2,397	3,000
Materials, Supplies & Services	264,969	243,900
Professional & Contract Services	16,602	40,800
Salaries	226,629	241,600
Travel & Training	14,720	14,700
	527,680	549,000
Traffic Operations - Sign Shop		
Administration	2,900	2,500
Equipment	453	-
Materials, Supplies & Services	114,622	83,600
Professional & Contract Services	4,077	10,100
Salaries	127,806	135,000
Travel & Training	693	2,000
	250,551	233,200
Engineering Services - Operations		
Administration	8,152	6,100
Equipment	17,894	39,200
Materials, Supplies & Services	25,480	11,000
Professional & Contract Services	21,966	39,800
Salaries	265,821	302,700
Travel & Training	24,714	22,400
Grants		
Transportation Advisory Service	19,483	20,000
	383,510	441,200
Engineering Services - Surveys		
Administration	5,553	2,400
Equipment	21,709	7,600
Materials, Supplies & Services	1,201	5,500
Professional & Contract Services	52,235	56,900
Salaries	357,363	350,700
Travel & Training	8,979	11,600
	447,040	434,700

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

Continued

	EXPENDITURES $	ESTIMATES $
Highway Design		
Administration	4,210	4,000
Equipment	26,083	22,800
Materials, Supplies & Services	9,538	29,900
Professional & Contract Services	42,099	41,200
Salaries	184,440	267,900
Travel & Training	16,183	19,300
	282,553	385,100
Materials Testing Lab		
Administration	29,359	22,800
Equipment	48,146	22,100
Materials, Supplies & Services	51,047	37,600
Professional & Contract Services	10,050	5,000
Salaries	1,008,570	1,099,200
Travel & Training	50,942	59,500
	1,198,114	1,246,200
Pavement Management		
Administration	4,066	4,700
Equipment	24,220	100
Materials, Supplies & Services	5,532	48,300
Professional & Contract Services	14,800	6,000
Salaries	108,322	137,500
Travel & Training	7,684	17,300
	164,624	213,900
Total Capital Project Division	**9,975,078**	**8,976,900**
PLANNING, DEVELOPMENT & BUILDING CONSTRUCTION		
Directors Office		
Administration	6,082	8,800
Equipment	1,595	4,000
Materials, Supplies & Services	2,012	5,600
Professional & Contract Services	620,281	73,000
Salaries	152,013	145,000
Travel & Training	4,586	18,200
	786,569	254,600
Planning and Design		
Administration	5,768	6,800
Equipment	399	4,400
Materials, Supplies & Services	1,990	7,300
Professional & Contract Services	13,463	12,600
Salaries	151,496	197,800
Travel & Training	11,758	14,600
	184,874	243,500

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS Continued

	EXPENDITURES $	ESTIMATES $
Building Construction		
Administration	3,568	4,000
Equipment	440	1,000
Materials, Supplies & Services	1,266	2,000
Salaries	169,065	226,000
Travel & Training	22,268	24,500
	196,607	257,500
Building Design		
Administration	7,413	3,400
Equipment	517	3,000
Materials, Supplies & Services	680	1,000
Professional & Contract Services	-	6,100
Salaries	264,170	260,700
Travel & Training	14,802	11,500
	287,582	285,700
Total Planning Development & Building Construction	**1,455,632**	**1,041,300**
PROVINCIAL WASTE MANAGEMENT		
Administration	430	1,900
Equipment	-	4,600
Materials, Supplies & Services	-	283,800
Professional & Contract Services	355,193	2,154,800
Salaries	169,966	103,500
Travel & Training	5,088	13,200
Grants		
Provincial Waste Management Corporation	400,308	750,000
Total Provincial Waste Management	**930,985**	**3,311,800**
TOTAL TRANSPORTATION AND PUBLIC WORKS	**70,835,140**	**71,108,500**

INTEREST CHARGES ON DEBT

	EXPENDITURES $	ESTIMATES $
INTEREST		
Debt	104,971,580	108,371,700
Total Interest	**104,971,580**	**108,371,700**
AMORTIZATION OF DEBENTURE DISCOUNT		
Debt	651,254	600,000
Total Amortization of Debenture Discount	**651,254**	**600,000**
TOTAL INTEREST CHARGES ON DEBT	**105,622,835**	**108,971,700**

Details

Of

Capital Revenues With Estimates

For the Year Ended March 31, 2002

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	REVENUE $	ESTIMATES $
Land Sales	242,452	295,000
Other	346,331	130,000
TOTAL CAPITAL REVENUES	**588,783**	**425,000**

Details

Of

Capital Expenditures With Estimates

For the Year Ended March 31, 2002

DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS

	EXPENDITURES $	ESTIMATES $
HIGHWAYS		
Bridges and Culverts	4,908,461	3,676,500
Provincial Paving	5,496,627	5,605,700
Highway Reconstruction	17,092,195	15,215,200
Highway Equipment	1,531,888	1,500,000
Total Highways	29,029,171	25,997,400
BUILDINGS		
O'Leary Community Hospital	-	760,000
Portage Visitor Information Centre	390,068	525,000
Shaw Building Renovations	222,773	225,000
Prince County Courthouse	5,424	500,000
Provincial Correctional Centre	47,604	51,500
Holland College Royalty Centre	270,142	-
Sherwood Administration Building	348,910	-
Total Buildings	1,284,921	2,061,500
OTHER CAPITAL ASSETS		
Land Purchase	623,233	295,000
Provincial Parks Waste/Water Treatment Facilities	-	626,300
Provincial Parks	29,270	-
Total Other Capital Assets	652,503	921,300
TOTAL CAPITAL EXPENDITURES	30,966,595	28,980,200

Province of
Prince Edward Island

Agencies, Boards, and Crown Corporations

Financial Statements

For the Year Ended March 31, 2002

The Charlottetown Area Development Corporation

Consolidated Financial Statements
March 31, 2002

The Charlottetown Area Development Corporation

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ARSENAULTBESTCAMERONELLIS

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June 14, 2002

Auditors' Report

To the Board of Directors of
The Charlottetown Area Development Corporation

We have audited the consolidated balance sheet of **The Charlottetown Area Development Corporation** as at March 31, 2002 and the consolidated statements of earnings, retained earnings and appropriated reserve and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

An associated firm of PricewaterhouseCoopers LLP

The Charlottetown Area Development Corporation

Consolidated Balance Sheet

As at March 31, 2002

	2002 $	2001 $
Assets		
Cash and cash equivalents (notes 6, 11 and 12)	705,320	2,335,028
Accounts receivable and accrued interest (notes 6 and 8)	1,405,229	2,192,807
Mortgages receivable (note 2)	11,154,344	10,834,916
Lease receivable	133,642	221,113
Capital assets (notes 3 and 8)	13,045,691	11,656,245
Investment in lease (note 4)	3,929,588	4,043,839
Properties for development and Confederation Landing (notes 5 and 8)	2,387,292	2,598,892
Land held for resale	-	205,000
	32,761,106	34,087,840
Liabilities		
Accounts payable and accrued liabilities (note 6)	2,170,219	1,184,979
Term demand loan (note 7)	750,000	1,987,000
Long-term debt (note 8)	24,459,943	23,307,994
Deferred credits (note 9)	455,256	471,207
Deferred revenue (note 16)	-	1,799,461
	27,835,418	28,750,641
Contingent liability (note 10)		
Shareholders' Equity		
Capital stock		
Authorized		
5,000 common shares of the par value of $1 each		
Issued		
2,500 shares	2,500	2,500
Contributed surplus	4,526,706	4,526,706
	4,529,206	4,529,206
Appropriated reserve (note 12)	293,607	404,444
Retained earnings	102,875	403,549
	4,925,688	5,337,199
	32,761,106	34,087,840

Approved by the Board of Directors

_______________________________ Director _______________________________ Director

The Charlottetown Area Development Corporation

Consolidated Statement of Retained Earnings and Appropriated Reserve

For the year ended March 31, 2002

	2002 $	2001 $
Retained earnings (deficit) – Beginning of year		
As previously reported	(243,318)	503,427
Prior period adjustment (note 16)	646,867	100,000
As restated	403,549	603,427
Net loss for the year	(411,511)	(251,050)
	(7,962)	352,377
Transfer from appropriated reserve (note 12)	110,837	51,172
Retained earnings – End of year	102,875	403,549
Appropriated reserve		
Balance – Beginning of year	404,444	455,616
Transfer to retained earnings (note 12)	(110,837)	(51,172)
Balance – End of year	293,607	404,444

The Charlottetown Area Development Corporation

Consolidated Statement of Earnings

For the year ended March 31, 2002

	2002 $	2001 $
Revenue		
Rentals	1,904,128	1,969,263
Interest	653,996	843,694
Interest on investment in lease	265,075	271,804
Parking lot	80,737	76,660
Operating (Schedule 1)	96,336	117,135
Founders' Hall	217,986	-
	3,218,258	3,278,556
Expenses		
Operating (Schedule 1)	508,583	499,462
Founders' Hall (Schedule 2)	80,730	-
Interest on long-term debt	1,490,826	1,478,748
Wages and benefits	16,183	12,887
Fuel	123,712	133,362
Heating system	34,771	33,908
Insurance	19,033	17,140
Common area	19,932	21,313
Property taxes	411,506	409,426
Utilities	116,823	104,599
Repairs and maintenance	129,357	133,992
Cleaning	54,256	51,577
Snow removal	7,376	13,232
Professional fees	9,141	9,101
Parking lot	21,577	23,654
Miscellaneous	1,523	1,662
	3,045,329	2,944,063
Operating income (loss) before amortization	172,929	334,493
Amortization	379,593	259,642
Operating income (loss)	(206,664)	74,851
Other income (expense) (Schedule 2)	(204,847)	(325,901)
Net loss for the year	(411,511)	(251,050)

The Charlottetown Area Development Corporation

Consolidated Statement of Cash Flows

For the year ended March 31, 2002

	2002 **$**	**2001** **$**
Cash provided by (used in)		
Operating activities		
Net loss for the year	(411,511)	(251,050)
Items not affecting cash		
Amortization of capital assets	395,544	320,983
Amortization of deferred financing costs and deferred credits (net)	(15,951)	(61,341)
Provision for donated asset – Confederation Landing	-	188,435
Gain on sale of capital assets	(25,700)	-
Loss on sale of property held for development	-	5,897
	(57,618)	202,924
Net change in non-cash working capital items		
– decrease in accounts receivable and accrued interest	787,578	1,361,300
– increase (decrease) in accounts payable and accrued liabilities	985,240	(1,155,359)
	1,715,200	408,865
Financing activities		
Proceeds on long-term debt	2,000,000	312,810
Decrease in lease receivable	87,471	87,471
Repayment of long-term debt	(848,051)	(5,044,096)
Decrease (increase) in mortgages receivable	(319,428)	359,246
Increase (decrease) in term loan	(1,237,000)	987,000
Decrease in deferred credits	-	(80,899)
Increase (decrease) in deferred revenue	(1,799,461)	35,207
	(2,116,469)	(3,343,261)
Investing activities		
Proceeds on sale of marketable securities	-	2,027,908
Decrease (increase) in land held for resale	205,000	(205,000)
Principal received on investment in lease	114,251	2,522,456
Purchase of capital assets	(1,784,990)	(1,485,734)
Proceeds on sale of capital assets	25,700	-
Proceeds on sale of Confederation Landing	1	-
Proceeds on sale of land held for development	211,599	94,103
	(1,228,439)	2,953,733
Change in cash and cash equivalents	(1,629,708)	19,337
Cash and cash equivalents – Beginning of year	2,335,028	2,315,691
Cash and cash equivalents – End of year	705,320	2,335,028

1 Summary of significant accounting policies

General

These financial statements include the operations of the Charlottetown Area Development Corporation and its wholly-owned subsidiaries, Harbourside Complex Limited and The Charlottetown Waterfront Development Corporation.

Mortgage receivable

The mortgage receivable is recorded at cost.

Capital assets and amortization

Amortization of capital assets are calculated using the straight-line and declining balance method at the following annual rates:

	%
Land improvements	2.5 SL
Buildings	2.5 SL
Equipment	20 DB
Leasehold improvements	2.5 and 6.67 SL
Automotive	30 DB
Computer	30 DB

No amortization is taken on assets under construction.

Properties held for development

Land Assembly

The land assembly is recorded at cost.

CN Lands

The purchase of the CN lands was initially recorded at cost. The asset is being reduced by the proceeds from the sale of the property held for development. It is management's opinion that the company will not generate any gain or loss on the financing and sale of this property.

Land held for resale

Land held for resale is recorded at cost

Grants and capital donations

Grants relating to general operations are recorded as revenue in the period in which they are received. Grants relating to the delivery of specific programs are recorded as revenue in the period in which the related expenditures are made.

Government contributions relating to capital property are recorded as deferred credits. The deferred credits are being amortized on the same basis as the related capital assets are being amortized or written off.

Management fee – leasing

The Corporation charges management fees based on market rates for financing and administering rental operations and the City's two parkades.

Deferred financing costs

The costs incurred in obtaining long-term financing have been deferred and are amortized on a straight-line basis over the five year term of the related financing.

Provision for possible losses

Any provision for possible losses is recorded in the statement of earnings. The provision for possible losses is based on historical trends and management's judgement and is maintained at a level considered to be adequate to absorb potential losses.

Provisions are recorded for specific investments to reduce their book value to an amount expected to be recovered from the investments in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired investments including estimated future cash flows, estimated fair value of the underlying security and value of any collateral security taken.

No provision for possible losses has been recorded at March 31, 2002 (2001 – nil).

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The company has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Mortgages receivable

	2002 $	2001 $
5.851% mortgage, due May 2018, repayable in monthly instalments of $83,094 including principal and interest	10,454,344	10,834,916
7.25% mortgage, due May 2007, repayable in monthly instalments of $6,390 including principal and interest	700,000	-
	11,154,344	10,834,916

The following have been pledged as security for the mortgages:
The following have been pledged as security for the mortgage:

- First fixed and floating charge mortgage and debenture on the property, chattels and equipment of Dyne Holdings Limited;
- Assignment of Dyne Holdings Limited leases, rents and insurance proceeds;
- First fixed and floating charge mortgage on the property, chattels and equipment of Kent Realty Limited;
- Assignments of Kent Realty Limited leases, rents and insurance proceeds;
- A guarantee by Dyne Holdings Limited of the Kent Realty Limited mortgage.

3 Capital assets

			2002	2001
	Cost $	Accumulated amortization $	Net $	Net $
Harbourside	11,373,003	3,499,366	7,873,637	7,536,777
Founders' Hall	3,685,096	67,770	3,617,326	-
Peakes Wharf	1,596,297	495,509	1,100,788	1,143,246
Visitor Information Centre	393,425	43,697	349,728	357,011
Automotive	19,225	14,609	4,616	6,595
	17,067,046	4,120,951	12,946,095	9,043,629
Asset under construction				
Parking garage (note 11)	99,596	-	99,596	-
Founders' Hall	-	-	-	2,612,616
	99,596	-	99,596	2,612,616
	17,166,642	4,120,951	13,045,691	11,656,245

Included in capital asset costs is land in the amount of $1,009,836 in Harbourside, $296,599 in Founders' Hall, $130,975 in Peakes Wharf and $102,123 in Visitor Information Centre. The balance of the assets are buildings, land improvements, leasehold improvements, computer and equipment.

4 Investment in lease

	2002 $	2001 $
Total minimum lease payments due October 1, 2019, receivable in monthly instalments of $31,611, including principal and interest	6,669,818	7,049,253
Less: Portion representing interest at 6.64%	2,740,230	3,005,414
	3,929,588	4,043,839

5 Properties held for development and Confederation Landing

	2002 $	2001 $
Development Properties		
Land assembly		
Bruce Stewart	195,367	195,367
Paoli	43,662	43,662
Jaro Holdings	20,888	20,888
CN Car Shop	77,544	77,544
Other	9,796	9,796
	347,257	347,257
CN Lands		
Cost	2,251,634	2,251,634
Less: Proceeds from sale	211,599	-
	2,040,035	2,251,634
Confederation Landing – sold during the year	-	1
	2,387,292	2,598,892

6 Virtual Charlottetown – Town Square^2 Project and Administered Funds

The Corporation has entered into a Contribution Agreement with Industry Canada and a Memorandum of Understanding with eight additional participating parties to carry out the Virtual Charlottetown – Town Square^2 Project (the Project). The project is comprised of twenty-eight major activities with activity number one being the development of a computer portal and the administration of this project and activities two to twenty-eight being the development of projects that will reside on the portal.

Industry Canada, under the Smart Communities Program, has agreed to make a non-repayable contribution to the project of the lessor of 50% of eligible supported costs and $4,583,331. The Corporation and the eight participating parties will fund the remaining $4,627,726 of the budgeted project costs.

CADC is responsible for and will be the beneficial owner of the activities number one, twenty-six, twenty-seven and twenty-eight with budgeted costs of $3,944,682. The costs and related revenues of these activities will be reported as Infrastructure and Organization revenue and expenses for activity one and project expenses for programs twenty-six, twenty-seven and twenty-eight.

The Corporation's participating partners are responsible for and will be the beneficial owners of activities two through twenty-five with budgeted costs of $5,266,375. The costs and related revenues of these activities will be disclosed in the notes to these financial statements as these costs and revenues are being administered by CADC.

Included in the accounts of CADC are the following balances related to the project:

	$
Cash	133,558
Accounts receivable	363,737
Accounts payable	(619,568)
Net	(122,273)
Revenue – Virtual Charlottetown – Town Square^2	1,559,688
Expenses – Virtual Charlottetown – Town Square^2	1,559,688

CADC has administered the following revenues and expenditures relating to project two through twenty-six that are not reflected in the statement of operations since these are administered funds and not CADC revenues and expenditures.

	2002 $	2001 $
Revenue	1,837,159	195,772
Expenditures	(1,959,432)	(52)
Included in accounts payable (accounts receivable)	(122,273)	195,720

The $133,558 (2001 – $195,720) is included in cash and cash equivalents at March 31, 2002 and is held in trust for the Virtual Charlottetown project.

7 Term demand loan

The term demand loan bears interest at 3.45%, is unsecured and is repayable upon demand.

8 Long-term debt

	2002 $	2001 $
Debentures, mortgage and non-interest bearing loan		
5.781% debenture, due May 2013, repayable in monthly instalments of $83,094, including principal and interest	10,454,344	10,834,916
6.13% debenture, due November 1, 2014, repayable in monthly instalments of $6,807 including principal and interest	718,333	754,764
6.45% term mortgage, due May 2006, payable in monthly instalments of $46,391 including principal and interest	4,314,344	4,588,711
7.25% mortgage, due February 1, 2005, repayable in monthly instalments of $3,332 including principal and interest	392,948	404,403
6.64% debenture, due October 1, 2019, repayable in monthly instalments of $31,610 including principal and interest	3,929,588	4,043,839
6.25% debenture, due March 2007, repayable in monthly instalments of $6,002 including principal and interest	700,000	-
6.45% mortgage payable, due May 25, 2006, repayable in monthly instalments of $9,589 including principal and interest	1,272,386	-
Non-interest bearing loan, repaid during the year	-	3,361
	21,781,943	20,629,994
Note payable		
6.82% note payable, due August 1, 2009, principal and interest to be repaid upon sale of the assets pledged as security	2,678,000	2,678,000
	24,459,943	23,307,994

Security on debentures and mortgages

The following have been pledged as security for the debentures and mortgages:

5.781% debenture

- the 5.781% debenture is guaranteed by the Province of Prince Edward Island.

6.13%, 6.64% and 6.25% debentures

- unsecured

6.45% term mortgage

- a first collateral mortgage on the assets of Harbourside Complex Limited in the amount of $6,500,000;
- a registered general assignment of leases and rents executed by CADC;
- a registered specific assignment of leases executed by Harbourside Complex Limited;
- a registered specific assignment of book debts from CADC and Harbourside Complex Limited;
- an assignment of adequate fire, bank and liability insurance with loss payable firstly to the mortgagor;
- a non-divestiture agreement executed by the principal shareholder of CADC with respect to its controlling interest in CADC; and
- a non-divestiture agreement executed by CADC with respect to its interest in Harbourside Complex Limited.

The 6.45% term mortgage has a principal balance of $4,895,845 at March 31, 2002. The Corporation has deposited $581,501 with the lender as security for the mortgage. The loan is recorded net of the cash security deposited.

7.25% mortgage

The Visitor Information Centre has been pledged as security for the 7.25% mortgage.

6.45% mortgage

Founders' Hall land and building, including adjacent parking lot, an assignment of leases and rents and an assignment of fire insurance have been pledged as security for the 6.45% mortgage.

Security on note payable

The following parcels of land included in property held for development have been pledged as security for the 6.82% note payable:

- P.I.D. #825927
- P.I.D. #825935
- P.I.D. # 841502
- P.I.D. #841494
- P.I.D. #841536
- P.I.D. #841510

The net aggregate amount of principal payments required in each of the next five years to meet retirement provisions for the debentures, mortgages and note payable is as follows:

	$
Year ending March 31, 2003	823,996
2004	874,339
2005	930,927
2006	989,554

2007 1,051,887

9 Deferred credits

	2002			2001
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**	**Net** **$**
Peakes Wharf	638,037	182,781	455,256	471,207

10 Contingent liability

The Corporation has been named as a co-defendant in a claim made by a local businessman. It is management's feeling that a liability, if any, is undeterminable at this time and no provision has been made in the accounts for future possible losses.

11 Commitment

The Corporation holds cash of $124,239 (2001 – $120,030), disclosed on the balance sheet, in trust for third parties. The cash and liability are netted on the balance sheet. The deposits are being administered as part of requirements on loans owned by the Corporation and for security deposits for tenants.

The Corporation has entered into an agreement with the City of Charlottetown, whereby the Corporation has committed to finance and construct a third parking garage in the downtown core of the City of Charlottetown. The estimated costs to complete the project are $7,494,900. As at March 31, 2002, $99,596 has been spent on the project, recorded as Asset under Construction in these financial statements.

12 Appropriated reserve

On March 30, 1999, the Board of Directors established an appropriated reserve in the amount of $750,000 through an appropriation of retained earnings. The appropriated reserve has been established to finance an extensive capital asset maintenance program. During the year, $110,837 (2001 – $51,172) was utilized to fund the current year's capital asset maintenance expense. Cash and cash equivalents of $293,607 at March 31, 2002 (2001 – $404,444) remain appropriated to fund the reserve.

13 Related party transactions

Included in accounts receivable and accrued interest and accounts payable and accrued interest are the following amounts due to and from related parties:

	2002 $	2001 $
Accounts receivable		
Due from Province of Prince Edward Island	21,744	1,161,830
Accounts payable		
Due to the City of Charlottetown	80,172	24,879
Due to Province of Prince Edward Island	353,391	347,908

The 6.13% and 6.64% debentures and the 6.82% note payable are due to the Province of Prince Edward Island. The company expensed $496,396 (2001 – $500,872) in interest on this debt during the year.

The Province of Prince Edward Island is a majority shareholder of The Charlottetown Area Development Corporation and the City of Charlottetown is a minority shareholder.

14 Corporation status

The Corporation and all of its subsidiaries are non-taxable entities under the provisions of the Income Tax Act.

The stated purpose of the Corporation is to act as the central agency to foster and promote economic development for the City of Charlottetown.

15 Comparative figures

Certain comparative figures presented for the 2002 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.

16 Change in accounting policy

The Charlottetown Area Development Corporation (CADC) accounted for grants received from funding sources in 2000 and 2001 to develop the CN Car Shop as deferred credits. CADC accessed the grants on behalf of the Capital Commission of P.E.I. (CC) through qualifying programs that funded the restoration and development of the property. CADC has an agreement to grant the funds received to CC.

CADC changed its accounting policy for the grants received to reflect the substance of the grants as being income versus a deferred credit. Treating the grants as income reflects appropriately the proper matching of the funds received to the obligation to grant the same funds to CC. This change results in a more appropriate presentation of the transaction in the financial statements.

This change in accounting policy has been applied retroactively with the effect being that the grants previously received will be treated as deferred revenue to be taken into income when the corresponding grants are made to CC. The prior year's financial statements have been restated to account for $2,446,328 in grants previously recorded as deferred credits as $546,867 in grant income in 2001 (2000 – $100,000), increasing retained earnings by $646,867, and recognizing $1,799,461 as deferred revenue.

The Charlottetown Area Development Corporation

Consolidated Schedule of Operating Revenue and Operating Expenses

For the year ended March 31, 2002 **Schedule 1**

	2002 $	2001 $
Revenue		
Management fee – leasing	57,568	68,654
– capital administration	1,500	5,844
Miscellaneous	37,268	42,637
	96,336	117,135
Expenses		
Wages and benefits	339,725	340,265
Professional fees	41,599	23,405
Directors' fees	48,350	43,350
Directors' meetings	1,789	2,420
Excess expense from rental properties	2,880	5,379
Office operations and sundry	32,434	35,598
Interest and bank charges	7,425	3,803
Telephone	10,122	9,368
Insurance	10,286	10,415
Travel	1,511	1,851
Concept planning	12,462	23,608
	508,583	499,462

The Charlottetown Area Development Corporation

Consolidated Schedule of Founders' Hall Expenses and Other Income (Expense)

For the year ended March 31, 2002 **Schedule 2**

	2002 $	2001 $
Founders' Hall		
Expenses		
Fuel	15,092	-
Heating system	1,863	-
Insurance	1,474	-
Wages and benefits	13,601	-
Property taxes	33,104	-
Water	1,007	-
Repairs and maintenance	3,477	-
Telephone	58	-
Electricity	8,353	-
Supplies and miscellaneous	2,701	-
	80,730	-
Other income (expense)		
Grants – capital project	2,353,133	546,867
Capital Commission – capital project grant	(2,353,133)	(546,867)
– operating grant	(118,045)	(101,522)
Virtual Charlottetown – Town Square^2 Project		
– Infrastructure & Organization revenue	1,559,688	-
– Infrastructure & Organization expense	(1,559,688)	-
– Project expenses	(5,046)	-
– Subscription	(19,616)	-
Expense recovery – Virtual Charlottetown – Town Square^2	22,407	20,736
Brick Campaign	590	389
Provision for donated asset – Confederation Landing	-	(188,435)
Gain on sale of capital assets	25,700	-
Loss on sale of property held for development	-	(5,897)
Capital asset maintenance program	(110,837)	(51,172)
	(204,847)	(325,901)

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East Prince Health
Financial Statements
March 31, 2002

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Auditors' Report

To the Members of the Board of
East Prince Health:

We have audited the balance sheet of East Prince Health as at March 31, 2002, and the statements of revenue and expenses, fund balances, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2002, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Summerside, Prince Edward Island

June 7, 2002

Chartered Accountants

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East Prince Health
Statement of Revenue and Expenses

Year Ended March 31	2002	2001
Revenue		
Department of Health and Social Services (Note 7)	$ 53,538,991	$ 49,610,857
Patient/client fees	1,453,164	1,309,680
Special projects and other (Note 8)	325,446	587,633
Donations - Prince County Hospital Foundation (Note 9)	158,029	230,403
	55,475,630	51,738,573
Expenses		
Hospital services	26,603,390	24,754,891
Child & Family services	12,039,403	10,958,334
Long term care	10,025,550	9,340,696
Home Care	1,495,826	1,473,287
Addiction services	1,378,630	1,454,316
Housing services	1,274,824	1,249,231
Community Development (Note 10)	845,914	756,226
Public Health	697,433	625,599
Mental Health	488,536	448,478
Health Facility Planning	335,323	383,888
Job Creation Program	282,603	284,625
Interest on long term debt	8,198	9,002
	55,475,630	51,738,573
(Deficiency) excess of revenue over expenses	$ -	$ -

See accompanying notes to the financial statements.

East Prince Health
Balance Sheet

March 31	2002	2001
Assets		
Current		
Cash - unrestricted	$ 438,460	$ 679,391
Cash - restricted (Note 3)	33,460	30,307
Receivables (Note 4)	6,604,192	6,079,926
Prepaid expenses	195,249	692,040
	7,271,361	7,481,664
Investments in bonds and certificates at cost, estimated market value $326,478 (2001 - $210,382)	326,537	200,000
	$ 7,597,898	$ 7,681,664
Liabilities		
Current		
Payables and accruals (Note 5)	$ 7,427,596	$ 7,498,756
Funds held in trust	33,460	30,307
Current portion of long term debt	16,606	15,759
	7,477,662	7,544,822
Long term debt (Note 6)	120,154	136,760
	7,597,816	7,681,582
Fund balances		
Appropriated Fund (Page 4)	82	82
	$ 7,597,898	$ 7,681,664

On behalf of the Board

______________________ Board Member ______________________ Board Member

See accompanying notes to the financial statements.

East Prince Health
Statement of Fund Balances

March 31		2002		2001
Appropriated Fund				
Fund balance, beginning of year	$	82	$	540,082
Transferred back to Prince County Hospital Foundation		-		(540,000)
Fund balance, end of year	$	82	$	82

See accompanying notes to the financial statements.

East Prince Health
Statement of Cash Flows

Year Ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents		
Operations		
Changes in		
Cash - restricted	$ (3,153)	$ (442)
Accounts receivable	(524,266)	(1,544,579)
Prepaid expenses	496,791	(521,402)
Payables and accruals	(71,160)	1,571,625
Funds held in trust	3,153	442
	(98,635)	(494,356)
Financing		
Repayment of long term debt	(15,759)	(14,955)
Decrease in appropriated funds	-	(540,000)
	(15,759)	(554,955)
Investing		
Proceeds from expiration of bond	200,000	-
Advance from Prince County Hospital Foundation	-	594,165
Purchase of investments	(326,537)	-
	(126,537)	594,165
Net decrease in cash and cash equivalents	(240,931)	(455,146)
Cash and cash equivalents, beginning of year	679,391	1,134,537
Cash and cash equivalents, end of year	$ 438,460	$ 679,391

See accompanying notes to the financial statements.

East Prince Health
Statement of Tangible Capital Assets

Year Ended March 31					**2002**	2001
	Land	Pavement	Buildings	Equipment	**Total**	Total
Cost of Tangible Capital Assets						
Opening cost	$ 134,310	$ 57,666	$ 6,974,322	$11,033,224	**$ 18,199,522**	$ 17,683,432
Additions	-	-	-	380,246	**380,246**	516,090
Closing cost	134,310	57,666	6,974,322	11,413,470	**18,579,768**	18,199,522
Accumulated Depreciation						
Opening balance	-	57,666	4,826,718	6,006,052	**10,890,436**	10,473,845
Add: depreciation	-	-	80,908	335,145	**416,053**	416,591
Closing balance	-	57,666	4,907,626	6,341,197	**11,306,489**	10,890,436
Net Carrying Amount of Tangible Capital Assets	$ 134,310	$ NIL	$ 2,066,696	$ 5,072,273	**$ 7,273,279**	$ 7,309,086

See accompanying notes to the financial statements.

1. Nature of operations

East Prince Health, a non-profit organization, operates under the authority of the Health and Community Services Act, Part III (the "Act"). East Prince Health commenced operations on April 5, 1994 when the Health and Community Services Agency (the "Agency") approved the establishment of the regional health authorities as provided under the Act. The Agency Board also approved the core services that must be available and reasonably accessible to all residents of East Prince.

The core services managed by East Prince Health on behalf of residents of East Prince and the Province of P.E.I. are:

Program/Service

Child and Family Services
Home Care
Housing
Community Mental Health
Prince County Addiction Services
Job Creation Program
Prince County Hospital
Public Health Nursing
Stewart Memorial Hospital
Summerset Manor
Wedgewood Manor
Community Development

2. Summary of significant accounting policies

Revenue recognition

East Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

Financial Support Overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

Income from Investments

Income from investments is recorded on a cash basis.

2. Summary of significant accounting policies (cont'd)

Tangible Capital Assets

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $380,246 (2001 - $516,090) were expensed. The Region received designated funding for capital purchases in the amount of $378,766 (2001 - $405,831) during the year.

Inventory

Inventory in the amount of $614,218 (2001 - $433,581) has not been reflected on the balance sheet.

Appropriated Fund

East Prince Health received $750,000 from the Prince County Hospital Foundation to fund information technology initiatives. The appropriated fund balance had represented the unexpended portion of these funds. The fund is reduced each year by the amount of capital expenditures relating to information technology. In 2001, $540,000 was transferred back to the Prince County Hospital Foundation.

Vacation Pay and Retirement Allowances

Vacation pay is recorded as a liability when earned. Retirement allowances are recorded as a liability when an employee meets the eligibility criteria. Retiring allowances are funded separately from the regular funding received from the Department of Health and Social Services except for Prince County Hospital which is funded on an ongoing basis.

Pension Plans

Employees of East Prince Health belong to different pension plans according to their historical workplace. Former hospital employees and all new employees since regionalization are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island. The hospital pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2000 employer contributions to the pension plan are sufficient to meet the requirements of the plan and a pension fund surplus existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in these financial statements.

2. Summary of significant accounting policies (cont'd)

General

These financial statements do not include the assets, liabilities and activities of the Prince County Hospital Foundation, Stewart Memorial Hospital Foundation, or the hospitals' auxiliaries.

Other

East Prince Health acts as an agent for the Province of P.E.I. for the collection of revenues. During the year revenue of $3,068,289 (2001 - $2,762,524) was collected from the following areas:

Long term Care
Housing Services
Home Care
Addiction Services
Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

3. Cash-restricted

	2002	2001
Resident Trust Funds	$ 27,145	$ 24,912
Memorial Trust Funds	6,315	5,395
	$ 33,460	$ 30,307

4. Receivables

	2002	2001
Financial Support overpayments	$ 1,228,160	$ 1,265,076
Patients and other	931,949	1,116,145
Department of Health and Social Services	5,683,456	4,960,487
	7,843,565	7,341,708
Less: allowance for doubtful accounts	(1,239,373)	(1,261,782)
	$ 6,604,192	$ 6,079,926

5. Payables and accruals

	2002	2001
Trade	$ 2,154,182	$ 3,171,189
Deferred revenue	839,654	628,192
Accrued salaries and benefits	4,433,760	3,699,375
	$ 7,427,596	$ 7,498,756

6. Long term debt

	2002	2001
5 3/8% Municipal Development Loan Board debenture, amortized to and maturing in 2008, payable in annual installments of $23,957 including interest.	$ 136,760	$ 152,519
Less: current portion of long term debt	16,606	15,759
	$ 120,154	$ 136,760

Annual principal repayments over the next five years are as follows: 2003 - $16,606; 2004 - $17,499; 2005 - $18,439; 2006 - $19,430; 2007 - $20,475.

Funds are provided annually by the Department of Health and Social Services for the above repayments.

7. Department of Health and Social Services Funding

	2002	2001
Operations	$ 53,201,698	$ 48,854,357
Health Stabilization Fund	-	556,500
Health Facility Planning	337,293	200,000
	$ 53,538,991	$ 49,610,857

8. Special projects and other

During the year, East Prince Health participated in various projects and initiatives, such as the community labor – management partnership project and the East Prince youth development center whereby funding was provided by project sponsors. The related project expenditures are included in Community Development expenses.

9. Donations – Prince County Hospital Foundation

During the year, East Prince Heath received donations towards the purchase of medical and non-medical equipment in the amount of $378,766 (2001 - $318,331). However, certain equipment acquisitions approved during the year did not occur until subsequent to year end. Accordingly, $220,737 (2001 - $87,928) of donations are included in deferred revenue.

10. Community development

	2002	2001
Grants to non-governmental organizations	$ 799,761	$ 737,305
Special projects and other	46,153	18,921
	$ 845,914	$ 756,226

11. Subsequent Event

On April 9, 2002 the Minister of Health and Social Services announced a significant restructuring of the Health System. One of the key components of the plan was to establish a Provincial Health Services Authority (PHSA), which would be responsible for secondary acute and specialized provincial services. The services provided by Queen Elizabeth Hospital, Prince County Hospital, Hillsborough Hospital, and the Provincial Addictions centre are expected to be consolidated under the new Authority during 2002-2003.

THE EASTERN KINGS HEALTH REGION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2002

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AUDITORS' REPORT

TO THE MEMBERS OF THE EASTERN KINGS HEALTH REGION

We have audited the balance sheet of the Eastern Kings Health Region as at March 31, 2002 and the statements of revenue and expenditures and income and appropriated equity for the year then ended. These financial statements are the responsibility of the Eastern Kings Health Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Eastern Kings Health Region as at March 31, 2002 and the results of its operations and the changes in its equity for the year then ended in accordance with Public Sector Accounting Principles.

CHARTERED ACCOUNTANTS

June 4, 2002
Montague, P.E.I.

THE EASTERN KINGS HEALTH REGION

BALANCE SHEET

AS AT MARCH 31, 2002

	2002 $	2001 $
ASSETS		
CURRENT ASSETS		
Cash	72,544	675,873
Short term investments	1,017,407	177,643
Accounts receivable	608,428	320,435
Due from Eastern Kings Health Foundation Inc.	8,219	73,770
Due from Department of Health and Social Services	-	320,552
Prepaid expenses	48,514	42,218
	1,755,112	1,610,491
ASSETS HELD IN TRUST (note 1)	13,278	12,542
APPROPRIATED ASSETS (note 1)	65,699	55,155
	1,834,089	1,678,188
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	15,699	-
Accounts payable and accrued liabilities	728,612	812,735
Accrued vacation pay and retiring allowances (note 1)	855,881	769,413
Due to Department of Health and Social Services	128,595	-
Reserve for future expenditures (note 4)	26,325	28,343
	1,755,112	1,610,491
ASSETS HELD IN TRUST (note 1)	13,278	12,542
	1,768,390	1,623,033
EQUITY		
APPROPRIATED EQUITY		
Restricted Fund (note 1)	65,699	55,155
	1,834,089	1,678,188

SIGNED ON BEHALF OF THE BOARD

______________________________ DIRECTOR

______________________________ DIRECTOR

THE EASTERN KINGS HEALTH REGION
STATEMENT OF REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
REVENUE		
Department of Health and Social Services	11,291,076	10,973,013
Department of Health and Social Services - Eastern Kings Community Health Centre	879,823	736,670
	12,170,899	11,709,683
GENERAL SERVICES - OUT PATIENTS		
Non-residents	26,268	29,888
Workers' Compensation Board	26,250	48,310
Federal	1,463	1,347
Other	7,040	7,651
	61,021	87,196
GENERAL SERVICES - IN PATIENTS		
Non-residents	20,805	23,725
Workers' Compensation Board	17,820	13,365
Federal	(4,050)	12,150
Other	9,881	810
	44,456	50,050
OTHER INCOME		
Recoveries -		
Salaries	72,040	53,929
Dietary	55,837	54,442
Medically discharged - long stay	58,422	39,055
Differential income and preferred accommodation	57,756	31,551
Other	66,127	41,196
Contributions for equipment purchases	7,307	96,000
Rental	11,581	14,231
Investment income	48,608	17,282
	377,678	347,686
TOTAL REVENUE	12,654,054	12,194,615
EXPENDITURES		
Souris Hospital (schedule 1)	3,380,135	3,273,868
Public Health (schedule 1)	260,886	253,664
Addiction Services (schedule 1)	752,912	744,578
Child and Family Services (schedule 1)	2,163,789	2,065,026
Home Care and Support (schedule 1)	771,209	769,065
Housing (schedule 2)	383,400	486,758
Colville Manor (schedule 2)	2,757,712	2,600,741
Job Creation Program (schedule 2)	234,439	214,055
Regional Services (schedule 2)	759,883	685,243
Community Health Centre (schedule 2)	879,823	736,670
Vacation pay	38,366	98,747
Grants - non-government organizations	271,500	266,200
TOTAL EXPENDITURES	12,654,054	12,194,615
EXCESS REVENUE FOR THE YEAR	-	-

THE EASTERN KINGS HEALTH REGION

STATEMENT OF INCOME AND APPROPRIATED EQUITY

FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
RESTRICTED FUND (note 1)		
INCOME		
Donations	10,288	5,328
Interest	1,179	1,420
Rent	150	440
	11,617	7,188
EXPENSES		
Contribution to Eastern Kings Health Foundation Inc. (note 3)	-	157,581
Resident activities	1,073	1,945
	1,073	159,526
EXCESS INCOME (EXPENSES) FOR THE YEAR	10,544	(152,338)
BALANCE - BEGINNING OF YEAR	55,155	207,493
BALANCE - END OF YEAR	65,699	55,155

5.
SCHEDULE 1

THE EASTERN KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
SOURIS HOSPITAL		
Administration	75,700	71,951
Materials, supplies and services	575,975	585,423
Salaries	2,668,386	2,477,456
Travel and training	3,058	22,162
Professional and contract services	24,758	19,402
Equipment	32,258	97,474
	3,380,135	3,273,868
PUBLIC HEALTH		
Administration	4,768	4,271
Materials, supplies and services	1,049	1,405
Salaries	246,565	238,792
Travel and training	8,361	8,985
Professional and contract services	143	76
Equipment	-	135
	260,886	253,664
ADDICTION SERVICES		
Administration	14,256	13,492
Materials, supplies and services	24,280	16,152
Salaries	687,202	699,103
Travel and training	13,254	5,444
Professional and contract services	13,920	10,387
	752,912	744,578
CHILD AND FAMILY SERVICES		
Administration	8,535	8,989
Materials, supplies and services	150	612
Salaries	826,175	782,451
Travel and training	43,586	52,285
Financial assistance - social services	1,285,343	1,220,689
	2,163,789	2,065,026
HOME CARE AND SUPPORT		
Administration	6,962	4,817
Materials, supplies and services	4,930	3,325
Salaries	713,661	717,099
Travel and training	43,497	42,807
Professional and contract services	1,150	1,017
Equipment	1,009	-
	771,209	769,065

SCHEDULE 2

THE EASTERN KINGS HEALTH REGION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2002

	2002 $	2001 $
HOUSING		
Administration	37,578	34,187
Materials, supplies and services	245,764	325,433
Salaries	56,142	56,364
Travel and training	4,271	4,513
Professional and contract services	37,327	54,531
Equipment	2,318	8,361
Grants - home repair assistance	-	3,369
	383,400	486,758
COLVILLE MANOR		
Administration	22,718	22,246
Materials, supplies and services	261,383	260,419
Salaries	2,432,098	2,279,977
Travel and training	15,067	10,960
Professional and contract services	17,943	19,325
Equipment	8,503	7,814
	2,757,712	2,600,741
JOB CREATION PROGRAM		
Administration	10,651	10,172
Materials, supplies and services	409	58
Salaries	80,246	80,242
Travel and training	2,333	1,852
Grants - wage assistance	140,800	121,731
	234,439	214,055
REGIONAL SERVICES		
Salaries	648,889	512,913
Travel and training	29,061	21,862
Professional and contract services	72,393	115,844
Equipment	9,540	34,624
	759,883	685,243
COMMUNITY HEALTH CENTRE		
Administration	12,794	23,306
Materials, supplies and services	11,143	8,321
Salaries	840,568	493,534
Travel and training	10,734	34,971
Professional and contract services	-	122,862
Equipment	4,584	53,676
	879,823	736,670

THE EASTERN KINGS HEALTH REGION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

1. A. NATURE OF OPERATIONS

The Eastern Kings Health Region is a non profit organization incorporated under the Health and Community Services Act and is responsible for the management of the following regional programs and services:

Souris Hospital
Colville Manor
Child and Family Services
Addiction Services
Home Care and Support
Housing
Job Creation Program
Public Health
Community Health Centre

The Eastern Kings Health Region acts as an agent for the Province of Prince Edward Island for the collection of revenue through several of its institutions and programs. These revenues are not reflected in these financial statements.

B. RESTRICTED FUND

Specific funds have been formed for the purpose of benefiting the residents of several institutions within the region. These funds are subject to certain restrictions.

The following funds are included in the Restricted Fund on the financial statements:

Colville Manor Equipment Fund
Addiction Services Equipment Fund

C. FINANCIAL SUPPORT OVERPAYMENTS

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are recorded as a reduction to financial support expenditures when received.

D. RETIRING ALLOWANCES AND VACATION PAY

Accruals are made for retirement allowances owed to employees as at March 31, 2002. As the liability will be offset by funding provided by the Department of Health and Social Services an account receivable has been recognized for the same amount. Vacation pay is recorded as a liability when earned.

THE EASTERN KINGS HEALTH REGION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

E. ACQUIRED PHYSICAL ASSETS

Fixed assets and inventory of supplies and equipment are recorded as expenditures in the year incurred. Had the physical assets of the Souris Hospital been capitalized and recognized as expenditures over their period of economic benefit, the Eastern Kings Health Region would have the following assets recorded:

SOURIS HOSPITAL

		2002			2001
	Rate of Depreciation	Cost	Accumulated Depreciation	Net	Net
		$	$	$	$
Land		56,250	-	56,250	56,250
Building	2.5% S/L	7,851,568	2,420,602	5,430,966	5,627,255
Equipment	6.25% S/L	1,219,879	760,736	459,143	528,078
		9,127,697	3,181,338	5,946,359	6,211,583

The ownership of the assets of the Souris Hospital remain that of the Eastern Kings Health Region.

Inventory at March 31, 2002, valued at the lower of cost and net realizable value, which has not been recorded as an asset totalled $140,368 (2001 - $142,529).

F. ASSETS HELD IN TRUST

Colville Manor provides safekeeping for residents' monies. These funds are held in bank accounts and Province of Prince Edward Island deposit receipts.

THE EASTERN KINGS HEALTH REGION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2002

2. PENSIONS

Employees within the Eastern Kings Health Region belong to one of two pension plans.

Regional employees from the former hospital system belong to a uniform pension plan for employees of all Prince Edward Island Hospitals. According to the most recent actuarial report dated January 1, 2000, the contributions under the pension plan have been sufficient to meet the requirements of the plan and a pension fund surplus existed at that date.

Regional employees from the provincial government system belong to a pension plan for all permanent full time employees of the Province of Prince Edward Island. According to the most recent actuarial report dated April 1, 1999, contributions under the pension plan have not been sufficient to meet the requirements of the plan and an unfunded liability of $39,551,000 existed at that date.

3. EASTERN KINGS HEALTH FOUNDATION INC.

The Eastern Kings Health Region (The Region) has an economic beneficial interest in Eastern Kings Health Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of the Community of Eastern Kings. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions received during the year.

4. RESERVE FOR FUTURE EXPENDITURES

The reserve consists of funds set in reserve for future expenditures and consists of the following:

	$
Diabetes Primary Project	19,489
Miscellaneous Equipment	1,880
Health Community in Action	4,956
	26,325

5. SUBSEQUENT EVENT

Subsequent to the year end, the Province of Prince Edward Island has indicated its intentions to merge the Eastern Kings Health Region with the Southern Kings Health Region into one entity to be called the Kings Health Region. Details of the merger have to be finalized.

EASTERN SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2002

MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS

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MACPHEE & MACAULAY

CHARTERED ACCOUNTANTS, P.O. BOX 70, MONTAGUE, P.E.I. C0A 1R0
TEL: (902) 838-4121 FAX: (902) 838-4802

AUDITORS' REPORT

To the Board of School Trustees of
Eastern School District

We have audited the balance sheets of Eastern School District as at June 30, 2002, and the statements of revenue and expenses, operating surplus (deficit) and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern School District as at June 30, 2002 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

CHARTERED ACCOUNTANTS

November 19, 2002
Montague, Prince Edward Island

EASTERN SCHOOL DISTRICT
BALANCE SHEET
AS AT JUNE 30, 2002

	2002 $	2001 $
Assets		
Current		
Cash	3,730,672	3,794,211
Accounts receivable	570,193	780,868
Receivable Department of Education	900,000	-
	5,200,865	4,575,079
Capital		
Cash	2,000	2,000
Fixed assets (notes 2 and 3)	88,402,980	89,016,929
	88,404,980	89,018,929
	93,605,845	93,594,008
Liabilities and surplus		
Payables and accruals		
General	3,924,256	3,967,345
Department of Education	557,798	695,569
Due to trust account	4,417	47,074
Reserve for future expenditures (note 4)	668,392	472,949
	5,154,863	5,182,937
Operating surplus (deficit)	46,002	(607,858)
	5,200,865	4,575,079
Capital		
Capital surplus	88,404,980	89,018,929
	93,605,845	93,594,008

SIGNED ON BEHALF OF THE BOARD

________________________ CHAIRPERSON

________________________ SECRETARY

EASTERN SCHOOL DISTRICT
TRUST FUNDS
BALANCE SHEET
AS AT JUNE 30, 2002

	2002 $	2001 $
Assets		
Due from general accounts	4,417	47,074
Term deposits	-	1,369
Deposits with provincial government	-	2,200
	4,417	50,643
Liability		
Trust fund liability	4,417	50,643

SIGNED ON BEHALF OF THE BOARD

______________________________ CHAIRPERSON

______________________________ SECRETARY

EASTERN SCHOOL DISTRICT
TRUST FUNDS
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
FOR THE YEAR ENDED JUNE 30, 2002

4.

	2002 $	2001 $
Revenue		
David Fraser Memorial Trust	53	3,155
Albert MacLaren Memorial Bursary	-	63
Daniel Mooney and Family Memorial Bursary	-	182
Darcy Underhay Memorial Bursary	-	64
Darren Martin Memorial Bursary	-	259
Don MacIsaac Memorial Bursary	-	216
Ida Mary MacBeth Memorial Bursary	-	18
Merlin Chapman Memorial Trust	-	161
Miscellaneous	66	125
Paul I Kingsbury Science Scholarship	-	108
Robert and Elizabeth Fraser Trust	-	52
	119	4,403
Expenses		
Daniel Mooney and Family Memorial Bursary	-	150
Darcy Underhay Memorial Bursary	-	3,517
Darren Martin Memorial Bursary	-	500
Don MacIsaac Memorial Bursary	-	370
Dr. Percy Lavers Memorial Bursary	-	775
Ida Mary MacBeth Memorial Bursary	-	220
Merlin Chapman Memorial Trust	-	1,000
Miscellaneous	-	175
Paul I Kingsbury Science Scholarship	-	500
	-	7,207
Excess of revenue over expenses	119	(2,804)
Transfer to Eastern School District Education Foundation Inc.	(46,345)	-
Trust assets, beginning of year	50,643	53,447
Trust assets, end of year	4,417	50,643

EASTERN SCHOOL DISTRICT
STATEMENT OF CAPITAL SURPLUS
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Capital surplus, beginning of year	89,018,929	86,883,739
Add:		
School building renovations and major projects	1,761,117	4,452,054
Furniture and equipment	20,415	234,116
Buses and van	771,722	660,879
	91,572,183	92,230,788
Deduct:		
Depreciation	3,167,203	3,211,859
Capital surplus, end of year	88,404,980	89,018,929

EASTERN SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND OPERATING SURPLUS (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Revenue		
Administration	1,084,028	557,040
Bus purchases	771,722	660,879
Instructional	1,325,614	1,157,106
Other revenue (note 5)	343,681	261,116
Projects sponsored by other sources (note 6)	504,650	916,867
Renovations and equipment	583,900	556,431
Salaries and benefits	74,186,079	70,163,349
School building renovations and major projects	1,781,532	4,686,170
School maintenance and operation	3,993,967	4,061,314
School raised funds	280,843	179,211
Transportation	1,318,321	1,581,676
Unfunded depreciation	3,167,203	3,211,859
	89,341,540	87,993,018
Expenses		
Administration (page 7)	1,342,708	1,125,592
Capital		
Bus replacement	771,722	660,879
Special capital projects	1,781,532	4,686,170
Instructional (page 8)	1,132,028	1,152,815
Projects sponsored by other sources (note 6)	510,719	943,154
Renovations and equipment (page 12)	1,065,795	1,181,839
Salaries and benefits (page 9)	73,603,308	69,565,064
School maintenance and operation (page 10)	6,878,075	7,088,146
Transportation (page 11)	2,209,651	2,197,217
	89,295,538	88,600,876
EXCESS REVENUE (EXPENSES) FOR THE YEAR	46,002	(607,858)
Operating surplus (deficit), beginning of year	(607,858)	(949,182)
Deficit reduction grant	607,858	949,182
Excess revenue (expenses) for the year	46,002	(607,858)
Operating surplus (deficit), end of year	46,002	(607,858)

EASTERN SCHOOL DISTRICT
SCHEDULE OF ADMINISTRATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

	2002 $	2001 $
Advertising	15,867	14,048
Bank charges	976	143
Courier service	26,242	21,267
Development plan	166,343	81,406
Employee training and development	134,346	106,383
Graduation	27,900	14,725
Insurance	96,673	94,406
Meetings	30,736	28,732
Miscellaneous	7,412	9,232
Office supplies	99,930	86,779
Photocopying	28,447	24,989
Postal services	30,229	26,261
Professional services	174,004	168,626
Public, staff and student relations	18,011	21,515
Telephone	215,509	212,169
Travel	167,655	131,556
Trustees remuneration	54,859	36,522
Trustee travel and other	47,569	46,833
	1,342,708	1,125,592

EASTERN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

8.

	2002 $	2001 $
Academic supplies	214,851	189,086
Art	24,002	21,602
Career exploration		
Advanced communications	-	4,865
Automotive technology	6,237	9,902
Business and information	16,722	2,560
Child care	345	1,157
Communications and the arts	19,811	16,476
Construction and manufacturing	25,803	24,378
Drafting/design technology	254	412
Fashion	-	302
Food service	2,359	2,591
People and service industry	4,355	2,697
Computer literacy	13,961	18,366
Duplicating supplies	250,751	342,356
English and language arts	4,154	4,530
Equipment maintenance and repairs	63,576	43,820
French	3,664	3,485
Guidance and resource	5,886	4,568
Home economics and family living	26,603	21,779
Industrial arts	58,948	58,878
Library and resource centres	105,260	114,527
Music	31,349	24,074
Miscellaneous	81,965	63,882
Physical education	61,680	60,806
Psychologists	3,901	5,229
Science	34,887	33,357
Special education	15,300	13,615
Special projects	2,458	12,814
Vocational education		
Carpentry	10,896	8,027
Motor vehicle repair	21,840	18,402
Welding	20,180	23,028
Other vocational and prevocational courses	30	1,244
	1,132,028	1,152,815

EASTERN SCHOOL DISTRICT
SCHEDULE OF SALARIES AND BENEFITS EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

9.

	2002 $	2001 $
Board instructional salaries	711,557	504,006
Board supervisory salaries	802,093	683,574
Instructional salaries	49,041,294	46,753,459
Maintenance and operation salaries	4,332,686	4,224,682
School administrative salaries	7,067,228	6,669,743
Secretarial and clerical	2,801,787	2,678,578
Teacher assistant salaries	4,645,589	3,860,678
Transportation salaries	4,201,074	4,190,344
	73,603,308	69,565,064

NOTE:

Board instructional salaries include consultants, psychologists and board based temporary assignments.

Board supervisory salaries include superintendent, directors, maintenance supervisor and transportation supervisor.

Instructional salaries include all teaching staff exclusive of board supervisory, board instructional, board temporary and school administrative.

Maintenance and operation salaries include custodial, cleaning and maintenance staff.

School administrative salaries include principals, vice-principals and department heads.

Secretarial and clerical salaries include board office secretarial and clerical and school based secretarial staff.

Teacher assistant salaries include all teacher assistant positions.

Transportation salaries include bus depot and bus driver staff.

EASTERN SCHOOL DISTRICT
SCHEDULE OF SCHOOL MAINTENANCE AND OPERATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

10.

	2002 $	2001 $
Annual cleaning	49,025	24,243
Building repairs	656,233	663,010
Electricity	1,293,123	1,170,378
Employee allowances	11,029	10,541
Equipment repairs	51,879	60,743
Fire dues	29,023	32,026
Freight	2,482	4,160
Fuel	1,198,289	1,432,318
Insurance	104,837	102,102
Janitorial supplies	233,986	244,657
Maintenance of grounds	81,908	52,047
Miscellaneous	17,916	10,011
Non-capital equipment	11,584	24,916
Playground repairs	48,986	70,585
Property taxes	15,877	31,654
Rentals	46,516	40,995
Service contracts	5,942	17,907
Service vehicle	10,055	8,165
Sewer and water	130,147	116,355
Snow removal	176,440	169,257
Waste disposal	134,109	119,565
	4,309,386	4,405,635
Depreciation		
School buildings	2,130,915	2,140,397
Furniture and equipment	437,774	542,114
	6,878,075	7,088,146

EASTERN SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION EXPENSES
FOR THE YEAR ENDED JUNE 30, 2002

11.

	2002 $	2001 $
Bus parts and supplies	631,347	601,433
Communications	19,670	12,390
Contracted services	184,126	249,183
Employee allowances	15,701	14,808
Equipment repairs and maintenance	7,275	6,126
Extra-curricular transportation	43,635	46,821
Fuel	563,134	615,190
Insurance	94,462	42,122
Miscellaneous	7,000	6,255
Non-capital equipment	5,624	10,395
Service vehicle	2,805	1,954
Snow removal	34,819	56,616
Supplies	1,539	4,576
	1,611,137	1,667,869
Depreciation		
Buses	598,514	529,348
	2,209,651	2,197,217

EASTERN SCHOOL DISTRICT
SCHEDULE OF RENOVATIONS AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2002

12.

	2002 $	2001 $
Audio-visual equipment	57,736	17,958
Building repairs and renovations	448,940	660,345
Classroom furniture and equipment	102,510	124,433
Communications equipment	9,892	7,185
Computer equipment	134,751	95,646
Drapes	70,359	-
Fuel storage tanks	-	29,157
Lab equipment	8,984	-
Miscellaneous equipment	43,504	85,042
Musical instruments	42,377	65,595
Office furniture and equipment	40,559	29,698
Paving and grounds maintenance	7,667	66,385
Playground equipment	98,516	395
	1,065,795	1,181,839

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

1. Nature Of Organization

The Eastern School District is a not-for-profit organization whose purpose is to provide quality education for the children in its district. The District is governed under the terms of the Prince Edward Island School Act and is managed by a Board of School Trustees.

2. Significant Accounting Policies

A. Fixed Assets

Land, buildings, furniture and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Commencing on July 1, 1995 the policy for capitalization of buildings and equipment was changed such that only purchases which exceed $25,000 are capitalized in the Capital Fund. The capital expenditures and related capital grants continue to be reported on the Statement of Revenue, Expenses and Operating Surplus (Deficit). Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as fixed assets in the capital fund when title is passed.

Depreciation is calculated as follows:

Item	Method	Annual Rate
Buildings	Declining Balance	2 1\2%
Equipment	Declining Balance	20%
School Buses	Straight Line	12%
Used School Buses and Vans	Straight Line	24%

B. The financial statements have been prepared in accordance with accounting policies adopted by the Prince Edward Island School Boards. These policies conform in all material respects with generally accepted accounting principles with the following exceptions:

(i) Bus parts inventory and classroom supplies on hand at June 30, 2002 have not been reflected on the balance sheet. All such parts and supplies are expensed when purchased.

(ii) Revenue and expenditures associated with pension contributions, deferred salaries and retirement allowances are not recognized until they become due and payable.

C. Pension Plans

Instructional employees of the District are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the District is limited to current year contributions as any shortfall in funding of the pension plans is the responsibility of the Province of Prince Edward Island. In addition, the Province of Prince Edward Island provides an annual grant to fund the District's portion of contributions to the pension plan.

2. Significant Accounting Policies (cont'd)

D. Accrued Vacation Pay

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. As a result of regular staff retirement for the current year, service gratuities of $1,036,389 were due at June 30, 2002. The District receives direct funding from the Province of Prince Edward Island on an annual basis to cover such costs.

E. Trust Funds

Trust funds and interest earned by the funds are disbursed under the terms provided by the contributors. Trust funds totalling $46,345 were transferred to the Eastern School District Education Foundation Inc. during the year.

3. Fixed Assets

	2002			2001
	Cost $	Accumulated Depreciation $	Net $	Net $
Land	1,000,931	-	1,000,931	1,000,931
Buildings	119,058,225	35,952,532	83,105,693	83,475,493
Furniture and equipment	16,539,910	14,788,815	1,751,095	2,168,453
Buses	11,323,095	8,777,834	2,545,261	2,372,052
	147,922,161	59,519,181	88,402,980	89,016,929

4. Reserve For Future Expenditures

	2002 $	2001 $
New construction	225,000	225,000
School program purchases	178,006	147,521
School bus purchases	221,878	62,730
Other	43,508	37,698
	668,392	472,949

5. Other Revenue

	2002 $	2001 $
Investment income	40,554	50,130
Rentals	304,944	210,486
Sundry	(1,817)	500
	343,681	261,116

EASTERN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002

6. Projects Sponsored By Other Sources

For the year ended June 30, 2002 the Revenue and Expenses for Projects Sponsored By Other Sources consisted of the following:

	Revenue $	Expenses $
User Support Specialists	317,611	318,381
WOW	40,494	40,628
Peaceful Schools	10,652	10,652
Students at Risk	89,185	94,096
After School Program	13,765	13,765
School Breakfast Programs	32,943	33,197
	504,650	510,719

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French Language School Board
Financial Statements
June 30, 2001

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Auditors' Report

To the Board of School Trustees of
French Language School Board

We have audited the operating and capital fund balance sheets of French Language School Board as at June 30, 2001 and the statements of revenue, expenses and operating surplus and changes in investment in capital assets for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian general accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles applied by Prince Edward Island School Boards.

Grant Thornton LLP

Summerside, Prince Edward Island

November 21, 2001

Chartered Accountants

P. O. Box 1660
220 Water Street
Summerside
Prince Edward Island
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Tel: (902) 436-9155
Fax: (902) 436-6913

French Language School Board
Statements of Revenue, Expense and Operating Surplus

Year Ended June 30	**2001**	2000
Revenue		
Grants		
Administration	$ **115,900**	$ 115,900
Capital additions	**36,400**	21,600
Maintenance and operation	**269,736**	224,563
Program	**37,500**	35,700
Salaries and benefits	**3,602,727**	3,318,124
Transportation	**55,800**	50,800
Other revenue (Note 3)	**287,271**	179,097
Unfunded depreciation on property and equipment	**138,652**	132,849
	4,543,986	4,078,633
Expenses		
Administration (page 9)	**189,012**	181,623
Maintenance and operation (page 10)	**240,432**	155,151
Minority program (page 11)	**33,116**	51,889
Non-capital equipment (page 12)	**78,717**	46,936
Program (page 13)	**39,421**	34,548
Salaries and benefits (page 14)	**3,751,535**	3,416,742
Transportation (page 15)	**74,554**	58,079
Unfunded depreciation on property and equipment	**138,652**	132,849
	4,545,439	4,077,817
(Deficiency) excess of revenue over expenses	$ **(1,453)**	$ 816

Operating surplus, beginning of year	$ **61,395**	$ 60,579
(Deficiency) excess of revenue over expenses	**(1,453)**	816
Operating surplus, end of year	$ **59,942**	$ 61,395

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Operating Fund

June 30	2001	2000
Assets		
Current		
Cash and short term deposits	$ 224,303	$ 25,361
Receivables	135,310	99,972
	$ 359,613	$ 125,333
Liabilities		
Payables and accruals		
General	$ 18,245	$ 16,340
Salaries and benefits	18,781	11,353
Province of Prince Edward Island (Note 4)	262,645	24,582
Deferred items (Note 5)	-	11,663
	299,671	63,938
Surplus		
Operating surplus	59,942	61,395
	$ 359,613	$ 125,333

Approved on behalf of the Board

______________________________ Board Chairman

______________________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Balance Sheet - Capital Fund

June 30	2001	2000
Assets		
Property and equipment (Note 6)	$ 3,827,511	$ 3,842,294
Liabilities		
Long term debt (Note 7)	-	$ 1,286
Equity		
Investment in capital assets (page 5)	$ 3,827,511	3,841,008
	$ 3,827,511	$ 3,842,294

Approved on behalf of the Board

________________________ Board Chairman

________________________ Board Secretary

See accompanying notes to the financial statements.

French Language School Board
Statement of Changes in Investment in Capital Assets

Year Ended June 30	2001	2000
Balance, beginning of year	$ 3,841,008	$ 3,903,265
Add:		
Purchase of:		
Buildings and improvements	52,953	-
Buses	70,916	65,844
Debt retirement out of current funds	1,286	4,748
	3,966,163	3,973,857
Deduct:		
Depreciation		
Buildings	91,574	92,564
Furniture and equipment	9,728	11,445
Buses	37,350	28,840
	138,652	132,849
Balance, end of year	$ 3,827,511	$ 3,841,008

See accompanying notes to the financial statements

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction.

2. Summary of significant accounting policies

Property and equipment

Property and equipment are recorded at values carried in the accounts of the former School Boards as at June 30, 1972, with subsequent additions at cost. Buses are recorded at cost.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statement of Revenue, Expenses and Operating Surplus.

Schools constructed and renovated by the Prince Edward Island Department of Public Works and buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

Depreciation

Depreciation is calculated on the diminishing balance basis for buildings at a rate of 2 1/2% per annum and for furniture and equipment at 15% per annum. Depreciation is calculated on the straight line basis for buses at 12% per annum.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments totalling $4,616 (2000 - $581). These amounts relate to the current year school budget for goods and services to be received or provided subsequent to year end.

Deferred revenue

The unexpended portion of grants received for specific purchases and programs are deferred and used for the related future purchases and programs.

2. Summary of significant accounting policies (cont'd)

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of P.E.I. on an annual basis to cover such costs.

3. Other revenue	2001	2000
Grant - French monitor program	$ 83,402	$ 72,004
Grant - Alternative Education	-	19,000
Grant - New school projects	173,784	-
Grant - Modular	721	27,336
Grant - Inservice	1,200	1,200
Interest and other	5,124	5,077
Recoverable salaries	9,953	26,337
Rentals	13,087	10,789
Sale of assets	-	2,354
Technology position	-	15,000
	$ 287,271	$ 179,097

4. Province of Prince Edward Island	2001	2000
Salaries and benefits	$ 262,645	$ 24,582

French Language School Board
Notes to the Financial Statements
Year Ended June 30, 2001

5. Deferred items

	2001	2000
Funds designated for		
Partners in Education	$ -	$ 5,000
Transportation	-	2,107
Inclusion project	-	3,384
Legal fees	-	-
Student services	-	1,172
	$ -	$ 11,663

6. Property and equipment

	Cost	Accumulated Depreciation	2001 Net Book Value	2000 Net Book Value
Land	$ 32,276		**$ 32,276**	$ 32,276
Buildings and improvements	5,210,306	$ 1,638,926	**3,571,380**	3,610,002
Furniture and equipment	644,529	589,401	**55,128**	64,856
Buses	496,182	327,455	**168,727**	135,160
	$ 6,383,293	$ 2,555,782	**$ 3,827,511**	$ 3,842,294

7. Long term debt

	2001	2000
Conditional sales contract		
Repaid during the year	$ -	$ 1,286

French Language School Board
Schedule of Administration Expense

Year Ended June 30	2001	2000
Advertising	$ 8,280	$ 6,594
Board member remuneration	30,050	33,985
Board member travel and other	19,040	24,394
French promotion	18,070	9,080
Miscellaneous	1,764	2,795
Office supplies	13,889	10,064
Postal services and expenses	6,513	4,801
Professional services	15,692	18,039
Public and staff relations	1,313	2,197
Service contracts	19,137	16,994
Special education	1,685	4,606
Telephone	21,713	17,096
Travel	31,866	30,978
	$ 189,012	$ 181,623

French Language School Board
Schedule of Maintenance and Operation Expense

Year Ended June 30	2001	2000
Annual cleaning	**$ 1,122**	$ 1,037
Building repairs	**24,094**	21,579
Electricity	**57,686**	47,129
Equipment repairs	**3,381**	2,990
Fuel	**57,177**	32,128
Garbage, water and sewage	**11,216**	9,889
Insurance	**8,060**	8,060
Janitorial supplies	**18,141**	10,514
Maintenance and grounds	**13,369**	11,846
Miscellaneous	**933**	538
Rental - classroom	**35,690**	-
Service contract	**2,917**	4,741
Snow removal	**6,646**	4,700
	$ 240,432	$ 155,151

French Language School Board
Schedule of Minority Program Expense

Year Ended June 30	2001	2000
Cultural activities	$ 5,051	$ 2,691
French library	7,113	10,291
Inclusion project	-	5,300
Miscellaneous	757	73
Modular program	16,641	27,810
Travel	3,554	5,724
	$ 33,116	$ 51,889

French Language School Board
Schedule of Non-capital Equipment

Year Ended June 30	2001	2000
Building renovations	$ 4,610	$ 13,467
Classroom/program furniture	26,319	6,137
Computer equipment - admin.	13,002	2,185
Computer equipment - school	8,977	3,808
Computer equipment - program	2,181	-
Audio visual equipment	1,710	3,778
Musical equipment	4,190	1,020
Office/admin. furniture	2,221	675
Paving	-	8,478
Physical education equipment	1,934	3,273
Plant equipment	1,647	4,115
School bus equipment	11,926	-
	$ 78,717	$ 46,936

French Language School Board
Schedule of Program Expense

Year Ended June 30	2001	2000
Academic supplies	$ 10,146	$ 5,483
A V equipment	113	464
Computer	297	1,970
Cultural activities	889	2,785
Miscellaneous	4,002	2,240
Music	733	695
Industrial arts	2,748	3,774
Library	2,254	2,340
Photocopying	11,468	8,330
Physical education	5,148	4,105
Science	1,623	2,362
	$ 39,421	$ 34,548

French Language School Board
Schedule of Salaries and Benefits Expense

Year Ended June 30	2001	2000
Board supervisory	$ 141,369	$ 136,329
Secretarial and clerical	120,732	116,205
Administrative positions	478,777	382,708
Teachers	2,381,237	2,229,024
Teacher assistants	149,623	128,974
Maintenance and operation	218,101	180,308
Transportation	181,371	175,112
Federally funded	41,781	45,530
Provincially funded	32,472	17,346
Professional development	6,072	5,206
	$ 3,751,535	$ 3,416,742

Note:

Board supervisory salaries include superintendent and business supervisor.

Secretarial and clerical salaries include board office secretarial and school secretarial staff.

Administrative positions salaries include principals, vice-principals, and consultants.

Teachers' salaries include all teaching staff excluding those listed above.

Maintenance and operations salaries include janitorial staff.

Transportation salaries include bus driver staff.

Federally funded salaries include the salaries for the French Monitor Program.

French Language School Board
Schedule of Transportation Expenses

Year Ended June 30	2001	2000
Repairs	$ 17,207	$ 31,389
Contract services	26,018	-
Employee allowances	305	1,990
Extracurricular	5,053	1,810
Gas and oil	23,320	20,537
Insurance	1,565	1,491
Miscellaneous	1,086	357
Snow removal	-	505
	$ 74,554	$ 58,079

Innovative Solutions Agency (PEI) Inc.

Financial Statements
March 31, 2002

April 16, 2002

Auditors' Report

To the Shareholders of
Innovative Solutions Agency (PEI) Inc.

We have audited the balance sheet of **Innovative Solutions Agency (PEI) Inc.** as at March 31, 2002 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Arsenault Best Cameron Ellis

Chartered Accountants

Innovative Solutions Agency (PEI) Inc.

Balance Sheet

As at March 31, 2002

	2002 $	2001 $
Assets		
Current assets		
Cash and term deposit	337,129	443,035
Accounts receivable	6,121	5,835
	343,250	448,870
Capital assets (note 3)	11,393	15,978
Development costs (note 4)	-	-
Other asset (note 5)	1	1
	354,644	464,849
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	57,150	55,423
Deferred revenue (note 4)	51,516	123,638
	108,666	179,061
Shareholder's Equity		
Capital stock		
Authorized		
Unlimited common shares of no par value		
Issued and fully paid		
One common share	1	1
Retained earnings	245,977	285,787
	245,978	285,788
	354,644	464,849

Approved by the Board of Directors

_______________________ Director _______________________ Director

Innovative Solutions Agency (PEI) Inc.

Statement of Retained Earnings

For the year ended March 31, 2002

	2002 $	2001 $
Retained earnings – Beginning of year	285,787	363,667
Net loss for the year	(39,810)	(77,880)
Retained earnings – End of year	245,977	285,787

Innovative Solutions Agency (PEI) Inc.

Statement of Earnings

For the year ended March 31, 2002

	2002 $	2001 $
Revenues		
Veterans Affairs Canada (Knowledge Economy Partnership)	-	15,000
Management fees (note 7)	27,939	24,178
Interest revenue	16,091	46,835
	44,030	86,013
Expenses		
Compensation (note 7)	28,800	117,026
Fees, subscriptions and conferences	-	1,566
Insurance	3,000	3,000
Interest and bank charges	79	240
Marketing	-	1,000
Office supplies	20	1,876
Postage and courier	-	269
Professional services	47,356	14,770
Travel	-	11,467
Utilities	-	1,731
Training	-	1,368
Amortization	4,585	9,580
	83,840	163,893
Net loss for the year	(39,810)	(77,880)

Innovative Solutions Agency (PEI) Inc.

Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
Cash provided by (used in)		
Net loss for the year	(39,810)	(77,880)
Item not affecting working capital		
Amortization of capital assets	4,585	9,580
	(35,225)	(68,300)
Net change in non-cash working capital items		
- decrease (increase) in accounts receivable	(286)	266,488
- increase (decrease) in accounts payable and accrued liabilities	1,727	(1,658,916)
- decrease in deferred revenue	(72,122)	(84,516)
	(105,906)	(1,545,244)
Investing activities		
Purchase of capital assets	-	(488)
Purchase of other asset	-	(1)
Proceeds on disposal of development costs	-	470,267
	-	469,778
Change in cash	(105,906)	(1,075,466)
Cash – Beginning of year	443,035	1,518,501
Cash – End of year	337,129	443,035
Cash consists of		
Cash	51,799	70,480
Term deposit	285,330	372,555
	337,129	443,035

Innovative Solutions Agency (PEI) Inc.

Schedules to the Financial Statements

For the year ended March 31, 2002 **Schedule I**

	2002 $	2001 $
CAP Personal Portal System		
Revenue		
PEI Business Development Inc.	-	10,000
Expenses		
Computer software	-	9,493
Consulting	-	112
Office and meetings	-	395
	-	10,000
Net earnings for the year	-	-

	2002 $	2001 $
Alliance Initiative - PeopleSoft		
Income		
Veterans Affairs Canada	51,516	51,516
Public Service Commission	133,958	222,243
	185,474	273,759
Expenses		
Maintenance	185,474	174,090
Consulting	-	71,116
Wages	-	23,645
Office	-	4,908
	185,474	273,759
Net earnings for the year	-	-

Innovative Solutions Agency (PEI) Inc.

Schedules to the Financial Statements

For the year ended March 31, 2002 **Schedule III**

	2002 $	2001 $
Gartner Agreement		
Revenue		
Veterans Affairs Canada	54,098	48,750
Technology PEI	25,945	48,750
Department of Health and Social Services	10,000	-
Information Technology Management	20,000	-
	110,043	97,500
Expenses		
Management fees	7,333	1,066
Research services	102,710	96,434
	110,043	97,500
Net earnings for the year	-	-

Innovative Solutions Agency (PEI) Inc.

Notes to Financial Statements
March 31, 2002

1 Description of entity

Innovative Solutions Agency (PEI) Inc. is a federally incorporated company under the Canadian Business Corporation Act. The Innovative Solutions Agency (PEI) Inc.'s goal is to match partnered public sector clients with innovative information technology solutions, and to broker and facilitate information technology services between various public sector entities. Under Section 125 of the Constitution of Canada Act, land and property of a provincial government or agency is deemed to be exempt from corporate income tax under Section 149(1)(d) of the *Income Tax Act*.

2 Summary of significant accounting policies

Capital assets and amortization

Capital assets are recorded at cost and amortized using the declining balance method at the following rates:

Furniture and fixtures	20%
Computer hardware	30%
Computer software	100%

Amortization is calculated at one-half the normal rate in the year of acquisition, no amortization is recorded in the year of disposal.

Development costs

Development costs are recorded at cost net of reimbursement from third parties.

3 Capital assets

			2002	2001
	Cost **$**	**Accumulated amortization** **$**	**Net** **$**	**Net** **$**
Furniture and fixtures	2,774	1,106	1,668	2,085
Computer hardware	25,627	15,902	9,725	13,893
Computer software	10,378	10,378	-	-
	38,779	27,386	11,393	15,978

4 Development costs

The Alliance Initiative is an alliance between Veterans Affairs Canada and the Province of Prince Edward Island to implement a new human resources system. The development costs consist of costs incurred and capitalized up to March 31, 2000 for licenses, implementation and training of PeopleSoft Human Resources for the Public Sector database system. The noted agreement called for Veterans Affairs Canada to share the costs of implementing the system over a five year period. In the prior year, Veterans Affairs Canada withdrew from the Initiative; however they have contributed previously committed amounts to cover the maintenance contract. Included in deferred revenue is $51,516 (2001 - $123,638) to cover this commitment for the next fiscal year.

As of March 31, 2000, the ownership of the operating license rights and computer hardware for the Province's Human Resource Management System (PeopleSoft) were transferred to the PEI Public Service Commission.

The ownership of the license rights were transferred to the P.E.I. Public Service Commission in fiscal year 2001 when the Health Sector implemented the Province's Human Resource Management System.

5 Other asset

In the prior year, Veterans Affairs Canada relinquished and transferred all their rights and interest of the PeopleSoft Human Resources System to Innovative Solutions Agency (PEI) Inc. for the sum of $1.

Innovative Solutions Agency (PEI) Inc. has maintained all the rights and interest of the PeopleSoft Human Resources System during the year.

6 Economic dependence

Innovative Solutions Agency (PEI) Inc. is reliant upon revenues generated from the Province of Prince Edward Island, the Government of Canada and their related departments.

7 Related party transactions

Balance sheet

Included in accounts payable and accrued liabilities is nil (2001 - $15,131) due to the Province of Prince Edward Island, a related party.

Also included in accounts payable and accrued liabilities is nil (2001 – $13,348) to the Public Service Commission, $22,256 (2001 – $23,069) to Technology PEI and $8,560 (2001 – nil) to Prince Edward Island Business Development Inc.

Statement of earnings

Included in management fees is $20,606 (2001 - nil) from Veterans Affairs Canada and nil (2001 - $23,000) from Prince Edward Island Business Development Inc. Included in compensation is $22,256 (2001 – $21,697) paid to Technology PEI, and $8,560 (2001 – nil) paid to Prince Edward Island Business Development Inc.

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

Island Investment Development Inc.

Consolidated Financial Statements
March 31, 2002

July 24, 2002

Auditors' Report

To the Board of Directors of
Island Investment Development Inc.

We have audited the consolidated balance sheet of **Island Investment Development Inc.** as at March 31, 2002 and the consolidated statements of earnings, deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Island Investment Development Inc.

Consolidated Balance Sheet

As at March 31, 2002

	2002 $	2001 $
Assets		
Current assets		
Cash and short-term investments (quoted market value – $17,183,177; 2001 – $12,071,259)	17,313,476	12,027,017
Accounts receivable (note 7)	2,147,022	1,613,428
Accrued interest receivable	1,068,513	686,101
Current portion of advances to escrow agent	3,100,000	-
Current portion of notes receivable	22,825,000	-
	46,454,011	14,326,546
Funds held in trust (note 3)	487,408	557,865
Accrued interest receivable	-	233,150
Advance to escrow agent, less current portion (note 7)	6,350,000	10,050,000
Notes receivable, less current portion (note 4)	30,754,800	48,922,000
Deferred financing costs (note 5)	1,898,559	2,393,591
	85,944,778	76,483,152
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	199,399	126,137
Current portion of accrued interest payable	3,313,368	-
Current portion of long-term debt	29,750,000	-
	33,262,767	126,137
Funds held in trust (note 3)	487,408	557,865
Accrued interest payable, less current portion	1,104,271	3,455,406
Long-term debt, less current portion (note 6)	51,292,587	72,411,441
	86,147,033	76,550,849
Deficit	202,255	67,697
	85,944,778	76,483,152

Approved by the Board of Directors

__________________________ Director

__________________________ Director

Island Investment Development Inc.

Consolidated Statement of Deficit

For the year ended March 31, 2002

	2002 $	2001 $
Deficit – Beginning of year	(67,697)	(259,568)
Net earnings (loss) for the year	(134,558)	191,871
Deficit – End of year	(202,255)	(67,697)

Island Investment Development Inc.

Consolidated Statement of Earnings

For the year ended March 31, 2002

	2002 $	2001 $
Revenue		
Investment income (note 7)	3,184,208	3,590,826
Provincial Nominee Program fees	27,850	-
	3,212,058	3,590,826
Expenses		
Wages	149,939	64,435
Management fees (note 7)	150,000	150,000
Interest and bank charges (note 8)	132,724	33,410
Interest on long-term debt	975,768	1,222,228
Professional fees	38,502	22,613
Office	28,222	12,708
Equipment	7,612	13,338
Provision for possible losses	829,740	831,400
Consulting fees	102,616	90,041
Travel	69,613	29,498
Provincial Nominee Program expenses	4,183	-
Grant – PEI Trade and Development Inc.	100,000	35,000
Amortization	757,697	894,284
	3,346,616	3,398,955
Net earnings (loss) for the year	(134,558)	191,871

Island Investment Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
Cash provided for (used in)		
Operating activities		
Net earnings (loss) for the year	(134,558)	191,871
Item not affecting cash		
Amortization	757,697	894,284
Provision for possible losses	829,740	831,400
	1,452,879	1,917,555
Net change in non-cash working capital items		
– decrease (increase) in accounts receivable	(533,594)	809,163
– decrease (increase) in accrued interest receivable	(149,262)	736,165
– increase (decrease) in accounts payable and accrued liabilities	73,262	1,878
– increase (decrease) in accrued interest payable	962,233	(795,830)
	352,639	751,376
	1,805,518	2,668,931
Investing activities		
Decrease in notes receivable	(5,630,000)	4,765,000
Increase in deferred financing costs	(262,665)	(477,202)
Proceeds on write-off of note receivable	142,460	-
	(5,750,205)	4,287,798
Financing activities		
Decrease in advance to escrow agent	600,000	2,900,000
Increase (decrease) in long-term debt – net	8,631,146	(10,049,290)
	9,231,146	(7,149,290)
Change in cash and short-term investments	5,286,459	(192,561)
Cash and short-term investments – Beginning of year	12,027,017	12,219,578
Cash and short-term investments – End of year	17,313,476	12,027,017

1 Basis of presentation

Consolidation

These financial statements include the operations of Island Investment Development Inc. and its six wholly-owned subsidiaries, Prince Edward Island Government Economic Development Fund Inc., Prince Edward Island Government Economic Development Fund (No. II) Inc., Prince Edward Island Government Economic Development Fund (No. III) Inc., Prince Edward Island Government Economic Development Fund (No. IV) Inc., Prince Edward Island Government Economic Development Fund (No. V) Inc., and Prince Edward Island Century 2000 Fund Inc.

Corporate status

The company is a crown corporation established under the provisions of the Island Investment Development Inc. Act (formerly the Enterprise P.E.I. Act) and is therefore a non-taxable entity under the provisions of the *Income Tax Act*.

The company is the corporate administrator of government-administered venture capital funds in the Province of Prince Edward Island with its purpose to invest in active business operations. The investments are made in typically new or expanding companies, and as such, there is a significant degree of credit risk. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

2 Summary of significant accounting policies

Short-term investments

Short-term investments are recorded at cost.

Notes receivable

The notes receivable are recorded at cost with interest recorded on an accrual basis. When there is an identifiable long-term permanent decline in value, the investments will be written down to their estimated fair value. Any write downs or losses on disposal are recorded in the year they occur.

Fair value of financial instruments

Fair value is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their fair value. Where it is possible to estimate fair value, we assume that we will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the fair value of our financial instruments.

Provision for possible losses

Any increase (decrease) in the provision for possible losses on the notes receivable is recorded in the statement of earnings.

Specific provision

A provision will be recorded for specific loans to reduce their book value to an amount expected to be recovered from the loans in the event of an impairment in value. A variety of methods are used to determine the amount expected to be recovered from impaired loans including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken. The specific provision at March 31, 2002 is $1,650,000 (2001 – $1,100,000) on identified impaired loans of $3,300,000 (2001 – $1,950,000).

General provision

A general provision is recorded for notes receivable on the basis that not all of the impairment in the notes receivable can be specifically identified. The general provision of $1,775,200 (2001 - $2,003,000) is based on past performance of similar loans, the level of the specific provision, management's judgement and the maturity and financial strength of the investee.

An impaired loan is a loan where, in management's opinion, there is no longer reasonable assurance as to the timely collection of the full amount of principal and interest.

Capital assets

It is the company's policy to expense items of furniture and equipment in the year in which they are acquired.

Deferred financing costs

The costs incurred in obtaining financing have been capitalized and are being amortized using the straight-line basis over sixty months, commencing when projects have been approved and loans to borrowers drawn down.

Escrow agreement

Escrow Agent

Under the terms of an escrow agreement, subscription funds tendered by investors in Prince Edward Island Government Economic Development Fund (No. II) Inc. (Fund II), Prince Edward Island Government Economic Development Fund (No. III) Inc. (Fund III), Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Fund IV) and Prince Edward Island Government Economic Development Fund (No. V) Inc. (Fund V) are held in trust by the escrow agent, Corporate Services Ltd., until the commencement date or until the funds are returned to the investor in the event that the investor's subscription has not been accepted.

Disbursement of Subscription Proceeds Fund II and Fund III

For Fund II and Fund III and for the first 4.1 units subscribed for in Fund IV, the escrow agent disbursed the subscription proceeds at the commencement date as follows:

- advanced 70% of subscription proceeds to Island Investment Development Inc. to be invested in approved projects;
- advanced 10% of subscription proceeds to Island Investment Development Inc. to be deposited into the operating account to cover offering costs and placement expenses; and
- establish a repayment account by investing 20% of the subscription proceeds in high yield secure investments as a contingency for repayment of rejected investors.

The terms of agreements between this company, Fund II, Fund III and for the first 4.1 units of Fund IV, result in all interest earned in the escrow accounts being the property of Island Investment Development Inc. The offering costs and placement expenses are assumed by Island Investment Development Inc. under the terms of these same agreements.

Disbursement of Subscription Proceeds Fund IV and Fund V

For all subscription proceeds of Fund IV and Fund V, except for the first 4.1 units in Fund IV, as described above, the escrow agent disbursed the subscription proceeds at the commencement date as follows:

- advanced 70% of subscription proceeds to Fund IV and Fund V to be invested in approved projects;
- advanced 10% of subscription proceeds to Fund IV and Fund V to be used to cover offering and operating costs;
- establish a repayment account by investing 20% of the subscription proceeds in high yield secure instruments as a contingency for repayment of rejected investors.

Bond premiums

Bond premiums are amortized to income over the life of the bonds.

Interest on long-term debt

Interest expense on the notes payable is accrued from the date of the closing. Interest paid to refunded investors is calculated from the date funds are deposited by the escrow agent.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

3 Funds held in trust

Funds held in trust consist of:

	2002 $	2001 $
Amounts due to investors in Island Fund II	287,392	557,865
Amounts held under the Prince Edward Island Provincial Nominee Program	200,016	-
	487,408	557,865

a) The company is holding in trust at March 31, 2002 cash and short-term investments of $287,392 (2001 – $557,865) on behalf of one (2001 – two) investor that had notes receivable from Fund II, which came due during 2001. The funds are being held by Island Investment Development Inc. until such time as the investor requests payment. All interest earned on the funds held in trust accrues to the benefit of the investor.

b) The company administers the Prince Edward Island Provincial Nominee Program on behalf of the Province of Prince Edward Island, and charges applicants under the program a fee to process the applications received. Funds received by the company from applicants to be invested in a local business, totalling $200,016 as at March 31, 2002 (2001 – nil), are held in trust by Island Investment Development Inc. until the applicants are approved and the funds are disbursed for investment.

4 Notes receivable

	2002 $	2001 $
4% note receivable, due June 25, 2002. Interest receivable quarterly beginning December 31, 1997	1,225,000	1,225,000
4% note receivable, due June 30, 2002, with interest receivable annually on October 31	2,000,000	2,000,000
2.2% note receivable, due July 15, 2002, including principal and interest	4,025,000	4,025,000
3.6% note receivable, due $11,000,000 August 21, 2002 and $5,000,000 January 28, 2003, interest receivable annually	16,000,000	16,000,000
4% note receivable, due July 13, 2003, with interest receivable quarterly beginning September 30, 1998	1,570,000	1,570,000
4% note receivable, due November 30, 2003, including principal and interest	2,500,000	2,500,000
4% note receivable, due September 30, 2003, with interest receivable quarterly beginning December 31, 1998	650,000	650,000
4% note receivable, due November 6, 2003, with interest receivable quarterly beginning March 31, 1999	950,000	950,000
4% note receivable, due December 10, 2003, with interest receivable quarterly beginning March 31, 1999	2,200,000	2,200,000
4% note receivable, due March 18, 2004, with interest receivable quarterly beginning June 30, 1999	5,500,000	5,500,000

4% note receivable, due March 30, 2004, with interest receivable quarterly beginning June 30, 1999	2,000,000	2,000,000
4% note receivable, due September 13, 2004, with interest receivable quarterly beginning December 31, 1999	2,000,000	2,000,000
4% note receivable, due February 10, 2005, with interest receivable quarterly beginning March 31, 2000	1,470,000	1,470,000
4% note receivable, due March 23, 2005, with interest receivable quarterly beginning June 30, 2000	1,050,000	1,050,000
4% note receivable, due April 12, 2005, with interest receivable quarterly, beginning June 30, 2000	2,100,000	2,100,000
4% note receivable, due May 9, 2005, with interest receivable quarterly, beginning June 30, 2000	2,560,000	2,560,000
4% note receivable, due August 4, 2005, with interest receivable quarterly, beginning September 30, 2000	525,000	525,000
4% note receivable, due December 1, 2005, with interest receivable quarterly, beginning December 31, 2000	350,000	350,000
4% note receivable, due December 1, 2005, with interest receivable quarterly, beginning December 31, 2000	1,400,000	1,400,000
4% note receivable, due December 22, 2005, with interest receivable quarterly, beginning December 31, 2000	1,300,000	1,300,000
4% note receivable, due November 19, 2006, with interest receivable quarterly, beginning December 31, 2001	875,000	-
4% note receivable, due March 18, 2007, with interest receivable quarterly, beginning June 30, 2002	750,000	-
4% note receivable, due May 28, 2006, with interest receivable quarterly, beginning September 30, 2001	850,000	-
4% note receivable, due December 27, 2006, with interest receivable quarterly, beginning March 31, 2002	250,000	-
4% note receivable, due March 28, 2007, with interest paid monthly for the first six months beginning April 2002 to September 2002 then interest paid quarterly beginning December 31, 2002	750,000	-
4% note receivable, due May 28, 2006, with interest receivable quarterly, beginning September 30, 2001	930,000	-
4% note receivable, due November 19, 2006, with interest receivable quarterly, beginning December 31, 2001	1,225,000	-
4% note receivable, written off during the year	-	650,000
	57,005,000	52,025,000
Less: Allowance for possible losses	3,425,200	3,103,000
	53,579,800	48,922,000
Less: Current portion	22,825,000	-
	30,754,800	48,922,000

The repayment date of the 4% note receivable due June 25, 2002 has been extended by Island Investment Development Inc. subsequent to year end. The company expects to receive repayment of the loan in the 2003 fiscal year.

The notes receivable are invested in the following business sectors:

	2002					2001
	Total **$**	**Impaired loans included in total** **$**	**General provision** **$**	**Specific Provision** **$**	**Net** **$**	**Net** **$**
Manufacturing and processing	26,950,000	3,300,000	731,000	1,650,000	24,569,000	24,754,000
Agriculture	5,355,000		187,000	-	5,168,000	5,140,800
Small business	23,950,000	-	827,200	-	23,122,800	19,027,200
Aerospace	750,000	-	30,000	-	720,000	-
	57,005,000	3,300,000	1,775,200	1,650,000	53,579,800	48,922,000

5 Deferred financing costs

	2002			2001
	Cost **$**	**Accumulated Amortization** **$**	**Net** **$**	**Net** **$**
Island Fund II				
Escrow fees	18,150	18,150	-	-
Offering memorandum costs	220,598	220,598	-	-
Placement fees	1,665,000	1,665,000	-	-
	1,903,748	1,903,748	-	-
Island Fund III				
Escrow fees	17,550	17,550	-	-
Offering memorandum costs	124,326	124,326	-	-
Placement fees	1,575,000	1,575,000	-	-
	1,716,876	1,716,876	-	-
Island Fund IV				
Escrow fees	24,300	15,600	8,700	10,560
Offering memorandum costs	250,338	213,564	36,774	82,742
Placement fees	2,527,125	1,527,331	999,794	1,354,688
	2,801,763	1,756,495	1,045,268	1,447,990
Island Fund V				
Escrow fees	19,500	9,660	9,840	11,340
Offering memorandum costs	73,339	43,699	29,640	43,998
Placement fees	1,278,750	464,939	813,811	890,263
	1,371,589	518,298	853,291	945,601
	7,793,976	5,895,417	1,898,559	2,393,591

6 Long-term debt

	2002 $	2001 $
2% notes payable, nominally dated August 13, 1997, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,500,000	2,500,000
2% notes payable, nominally dated August 21, 1997, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	15,000,000	15,000,000
2% notes payable, nominally dated August 24, 1997, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,500,000	1,500,000
2% notes payable, nominally dated November 18, 1997, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	5,250,000	5,250,000
2% notes payable, nominally dated January 28, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,250,000	2,250,000
2% notes payable, nominally dated January 28, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,250,000	2,250,000
1% notes payable, nominally dated January 28, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,000,000	1,000,000
1% notes payable, nominally dated July 13, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,250,000	2,250,000
1% notes payable, nominally dated September 30, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	750,000
1% notes payable, nominally dated November 6, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	1,250,000
1% notes payable, nominally dated November 30, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	3,500,000	3,750,000
1% notes payable, nominally dated December 10, 1998, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	3,000,000	3,000,000
1% notes payable, nominally dated March 18, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	7,000,000	7,500,000
1% notes payable, nominally dated March 30, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	3,000,000	3,000,000
1% notes payable, nominally dated September 13, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,750,000	3,000,000
1% notes payable, nominally dated September 30, 1999, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	1,000,000

1% notes payable, nominally dated February 10, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,750,000	1,750,000
1% notes payable, nominally dated March 23, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,000,000	1,000,000
Non-interest bearing notes payable, nominally dated with dates ranging from January 1, 2000 to April 1, 2002, repayable in full in five years pursuant to the federally administered Immigrant Investor Program	8,542,587	2,911,441
1% notes payable, nominally dated April 12, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,750,000	2,750,000
1% notes payable, nominally dated May 9, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	3,500,000	3,750,000
1% notes payable, nominally dated August 4, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	750,000
1% notes payable, nominally dated December 1, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	500,000	500,000
1% notes payable, nominally dated December 1, 2000, principal and interest repayable in full in five years pursuant to the Offering Memorandum and Immigrant Investor Regulations	2,000,000	2,000,000
1% notes payable, nominally dated May 28, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	-
1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,750,000	-
1% notes payable, commencement date to be determined, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	750,000	1,250,000
1% notes payable, commencement date to be determined, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	250,000	500,000
1% notes payable, nominally dated November 19, 2001, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,250,000	-
1% notes payable, nominally dated March 18, 2002, principal and interest repayable in full in five years from the commencement date pursuant to the Offering Memorandum and Immigrant Investor Regulations	1,000,000	-
	81,042,587	72,411,441
Less: current portion	29,750,000	-
	51,292,587	72,411,441

The Province of Prince Edward Island has provided a guarantee of the non-interest bearing notes payable to the Minister of Citizenship and Immigration (Agent) in the event of the failure of Prince Edward Island Century 2000 Fund Inc. to repay the notes payable to the Agent within 30 days following the end of the allocation period.

The principal payments required on the long-term debt to meet retirement provisions over the next five years are as follows:

	$
Year ending March 31, 2003	29,750,000
2004	20,750,000
2005	6,757,665
2006	11,903,776
2007	10,881,146

7 Related party transactions

Included in accounts receivable is $2,135,938 (2001 – $1,603,477) due from Corporate Services Ltd.

Included in accounts payable and accrued liabilities is $33,139 (2001 – $23,792) due to Prince Edward Island Business Development Inc.

During the year, the company paid $150,000 (2001 – $150,000) in management fees to Prince Edward Island Business Development Inc.

Interest income of nil (2001 – $31,865) was earned on advances to Corporate Services Ltd.

The advances to escrow agent are to Corporate Services Ltd.

Corporate Services Ltd. is a wholly-owned subsidiary of a Crown corporation of the Province of Prince Edward Island. Prince Edward Island Business Development Inc. and Island Investment Development Inc. are both Crown corporations of the Province of Prince Edward Island.

8 Financing Agreement

A third party has provided financing to certain investors for a portion of the $250,000 note loaned by each investor to Island Funds IV and V. The third party charges interest to the investors beginning on the commencement date, being the date the funds are invested by Island Funds IV and V in a qualified project. In those circumstances whereby financing has been provided to the investors prior to the commencement date, Island Funds IV and V have agreed to pay interest on these amounts at an annual rate of interest ranging from 7% to 7.77%. Included in interest and bank charges for the year is $130,669 (2001 – $32,226) in interest paid to the third party on these advances.

9 Comparative figures

Certain comparative figures presented for the 2001 fiscal year have been restated to conform with the financial statement presentation adopted for the current year.

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
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Island Waste Management Corporation
Financial Statements
March 31, 2002

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Auditors' Report

To the Board of Directors of
Island Waste Management Corporation

We have audited the statement of financial position of Island Waste Management Corporation as at March 31, 2002 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown
Prince Edward Island
August 21, 2002

Chartered Accountants

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Island Waste Management Corporation
Statements of Operations and Deficit

Year Ended March 31	2002	2001
Revenues		
Household user fees	**$ 2,269,229**	$ 2,015,201
Tippage fees	**3,883,437**	2,992,577
Tire baling	**177,590**	432,258
Operating grants	**901,325**	-
Other	**11,811**	48,956
	7,243,392	5,488,992
Expenditures		
Administration (Page 9)	**1,067,543**	854,227
Operational costs		
Collection (Page 10)	**1,802,101**	1,450,181
Disposal (Pages 11 and 12)	**4,142,157**	3,426,639
Tire baling (Page 13)	**184,516**	339,907
Special projects	**-**	133,947
	7,196,317	6,204,901
Excess revenues over expenditures (expenditures over revenues)	**$ 47,075**	$ (715,909)
(Deficit) surplus, beginning of year	**$ (477,580)**	$ 238,329
Excess revenues over expenditures (expenditures over revenues)	**47,075**	(715,909)
Deficit, end of year	**$ (430,505)**	$ (477,580)

See accompanying notes to the financial statements.

Island Waste Management Corporation
Statement of Financial Position

March 31	2002	2001
Assets		
Current		
Cash and cash equivalents	**$ 294,318**	$ -
Receivables (Note 3)	**2,042,680**	932,419
Prepaid expenses	**18,000**	2,372
Inventory	**25,573**	45,897
	2,380,571	980,688
Receivables	**8,581**	45,166
Performance deposits	**64,000**	45,000
Deferred charges less accumulated amortization of $28,272	**254,446**	-
Capital assets and projects under development (Note 4)	**11,919,402**	1,382,132
	$ 14,627,000	$ 2,452,986
Liabilities		
Current		
Bank indebtedness (Note 5)	**$ -**	$ 575,986
Payables and accruals		
Trade	**594,890**	383,813
Capital asset purchases	**1,872,721**	63,509
Deferred revenue	**571,993**	10,476
Current portion of long term debt	**46,447**	39,747
Capital lease principal payable within one year	**37,427**	61,190
	3,123,478	1,134,721
Contractor deposits	**64,000**	45,000
Long term debt (Note 6)	**11,861,517**	1,710,201
Capital lease obligation (Note 7)	**8,510**	40,644
	15,057,505	2,930,566
Deficit	**(430,505)**	(477,580)
	$ 14,627,000	$ 2,452,986

Commitments (Note 8)

On behalf of the Board

______________________________ Director ______________________________ Director

See accompanying notes to the financial statements.

Island Waste Management Corporation
Statement of Cash Flows

Year Ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from customers	**$ 6,165,581**	$ 5,574,463
Cash payments to suppliers	**(5,523,563)**	(4,912,557)
Cash payments to employees	**(1,113,171)**	(1,036,118)
Interest paid	**(59,992)**	(37,428)
	(531,145)	(411,640)
Financing		
Proceeds from new long term debt	**10,235,713**	862,530
Repayment of long term debt	**(77,697)**	(38,265)
Repayment of capital lease obligations	**(55,896)**	(56,351)
Contractor deposits received (returned)	**19,000**	(32,500)
Operating grants	**501,017**	187,500
	10,622,137	922,914
Investing		
Interest capitalized to capital assets	**(120,407)**	(5,020)
Proceeds from sale of capital assets	**36,000**	-
(Increase) decrease in performance deposits	**(19,000)**	32,500
Purchase of intangible assets	**(282,718)**	-
Purchase of capital assets	**(8,834,563)**	(1,186,094)
	(9,220,688)	(1,158,614)
Net increase (decrease) in cash and cash equivalents	**870,304**	(647,340)
Cash and cash equivalents (bank indebtedness)		
Beginning of year	**(575,986)**	71,354
End of year	**$ 294,318**	$ (575,986)

See accompanying notes to the financial statements.

1. Nature of operations

The corporation is a Prince Edward Island crown corporation established under the provisions of the *Environmental Protection Act* and therefore is exempt from income taxes under Section 149(1)(d) of the Canadian *Income Tax Act*. The corporation's objective is to implement and manage a province-wide waste management system. This includes the collection and disposal of all solid waste generated in Prince Edward Island.

2. Summary of significant accounting policies

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first in first out basis.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, net of bank overdrafts, and short term investments with original maturities of 90 days or less.

Depreciation

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Building	20 yrs,	straight line
Landfill cell	10 yrs,	straight line
Waste and compost carts	10 yrs,	straight line
Machinery	20% and 30%,	declining balance
Office equipment	20%,	declining balance
Computer equipment	30%,	declining balance
Computer software	30%,	declining balance
Leasehold improvements	2 and 3 yrs,	straight line
Signage	20%,	declining balance

The compost facility has not been depreciated as it is under development and not yet available for use.

Amortization

Amortization to write-off the cost of deferred charges relating to a facility update at PEI Energy Systems is applied over 10 years, straight line.

Island Waste Management Corporation
Notes to the Financial Statements
March 31, 2002

3. Receivables

3. Receivables	2002	2001
Trade	**$ 502,436**	$ 454,251
Current portion of long term receivable	**36,585**	59,580
Province of Prince Edward Island		
Household user fees	**644,356**	81,337
Operating grants	**400,308**	-
Other	**7,206**	123,475
Goods and services tax	**451,789**	213,776
	$ 2,042,680	$ 932,419

4. Capital assets and projects under development

			2002	2001
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book
Value				
Capital assets				
Land	$ 379,000	$ -	**$ 379,000**	$ -
Building	11,331	850	**10,481**	11,048
Landfill cell	1,738,875	86,944	**1,651,931**	735,850
Waste and compost carts	29,564	4,434	**25,130**	28,086
Machinery	367,749	106,143	**261,606**	164,221
Office equipment	44,270	17,627	**26,643**	27,179
Computer equipment	108,732	49,824	**58,908**	46,608
Computer software	66,532	27,608	**38,924**	55,606
Leasehold improvements	7,388	2,627	**4,761**	978
Signage	4,360	1,091	**3,269**	2,833
	2,757,801	297,148	**2,460,653**	1,072,409
Project under development				
Compost facility	9,458,749	-	**9,458,749**	309,723
	$ 12,216,550	$ 297,148	**$ 11,919,402**	$ 1,382,132

5. Bank indebtedness

The corporation has an operating line of credit with a credit union of $450,000 all of which is unused at year end.

The corporation also has an operating line of credit with a bank of $500,000 all of which is also unused at year end. As security, the Province of Prince Edward Island has provided a guarantee.

6. Long term debt

	2002	2001
Term loan bearing interest at the bank's prime rate, maturing December 2002, payable in monthly instalments of principal and interest of $4,000. As security, the corporation has assigned funds for baling tires from the Department of Transportation and Public Works, certain equipment, and an assignment of book debts. It is anticipated the loan will be renewed upon maturity.	**$ 62,559**	$ 140,257
Loan from Province of Prince Edward Island, non-interest bearing, no set terms of repayment.	**859,562**	859,562
Advance on a term loan, bearing interest at the bank's prime rate, to be drawn upon up to $1.9 million limit. Terms are to be settled subsequent to balance sheet date (Note 8), and the loan is expected to be amortized over 10 years. The loan is guaranteed by the Province of Prince Edward Island.	**1,485,843**	750,129
Advance on promissory note to Provincial Treasury, Province of Prince Edward Island, bearing interest at 2.59%. Terms are to be settled upon completion of compost facility construction(Note 8), and the loan is expected to be amortized over 25 years.	**9,500,000**	-
	11,907,964	1,749,948
Less: current portion	**46,447**	39,747
	$ 11,861,517	$ 1,710,201

Annual principal repayments in each of the next two years are due as follows: 2003 - $46,447; 2004 - $16,112. Principal repayments have not been calculated on the advances on the term loan or promissory note for which terms will be settled subsequent to balance sheet date.

7. Capital lease obligation

Future minimum lease payments on capital leases of compost containers, garbage containers, kitchen counter containers and transponder tags for garbage and compost containers as at March 31, 2002 are as follows:

2003	$ 39,467
2004	8,695
	48,162
Less: amount representing interest	2,225
	45,937
Less: principal due within one year	37,427
	$ 8,510

8. Commitments

The corporation has constructed and is operating a landfill cell in Wellington, PEI. The total cost of this project is estimated at $1.8 million. As at March 31, 2002, $1,738,875 had been incurred for the cell, including $58,921 for capitalized interest.

The corporation is committed to the implementation of the Waste Watch Program across the Province of Prince Edward Island. The total cost of this project is estimated at $30 million, which includes the construction cost of a compost facility and the purchase of waste and compost carts. As at March 31, 2002, $9,458,749 had been incurred for this initiative, including $66,506 for capitalized interest.

The corporation has entered into agreements to lease office and storage space. Minimum rent payable for the next three years on these leases are as follows:

2003	$ 24,371
2004	26,786
2005	2,215

The corporation has two years remaining on an agreement to lease a compost screener. Minimum lease payments are as follows:

2003	$ 50,976
2004	48,103

9. Credit risk

The company is exposed to financial risk that arises from the credit quality of the entities to which it provides services. Credit risk arises from the possibility that the entities to which the company provides services may experience financial difficulty and be unable to fulfil their obligations.

Before engaging in providing services to clients, the company performs a credit risk evaluation and regularly monitors its accounts.

10. Other matters

Costs associated with the closure and decommissioning of provincial dump sites are the responsibility of the Province of Prince Edward Island.

11. Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Island Waste Management Corporation
Schedule of Expenditures – Administration

Year Ended March 31		2002		2001
	Charlottetown	Slemon Park	**Total**	Total
Communication, promotion and education	$ 32,391	$ 6,466	**$ 38,857**	$ 17,318
Depreciation	27,720	16,685	**44,405**	35,386
Dues and memberships	1,557	545	**2,102**	2,220
Insurance	15,675	-	**15,675**	-
Interest and bank charges	3,319	35,653	**38,972**	22,702
Miscellaneous	2,704	870	**3,574**	4,039
Office equipment	2,836	1,125	**3,961**	3,065
Office supplies	15,107	8,865	**23,972**	18,611
Professional fees	52,559	1,722	**54,281**	43,823
Property taxes	514	-	**514**	-
Rent	28,456	16,554	**45,010**	41,317
Repairs and maintenance	5,262	3,622	**8,884**	7,910
Salaries and management	450,613	251,392	**702,005**	590,756
Telecommunications	15,234	15,901	**31,135**	29,391
Travel and vehicle	30,284	17,301	**47,585**	32,154
Utilities	6,611	-	**6,611**	5,535
	$ 690,842	$ 376,701	**$ 1,067,543**	$ 854,227

Island Waste Management Corporation
Schedule of Expenditures – Collection

Year Ended March 31	2002	2001
Advertising and promotion	$ 49,733	$ 47,310
Cart purchases	45,381	46,033
Cart storage	5,911	5,896
Leases - carts	73,181	73,024
Recyclable collection contracts	708,917	460,896
Tippage on residential waste and compost	378,397	275,322
Waste and compost contracts	540,581	541,700
	$ 1,802,101	$ 1,450,181

Island Waste Management Corporation
Schedule of Expenditures – Disposal

Year Ended March 31	2002	2001
East Prince Waste Management Facility		
Depreciation	$ 91,298	$ 2,224
Dues and fees	724	888
Equipment rental	57,383	9,382
Equipment leases	64,358	145,768
Gas and oil	28,740	30,290
Hazardous waste	10,502	17,980
Leachate treatment	166,158	128,256
Office and miscellaneous	27,377	6,241
Repairs and maintenance	110,301	99,314
Salaries, wages, and benefits	209,511	186,695
Security	7,613	7,596
Supplies and materials	52,106	48,355
Telephone	3,194	2,683
Travel and conference	6,935	4,989
Utilities	8,782	8,729
	$ 844,982	$ 699,390
Disposal Fee Program		
Bank charges	660	827
Repairs and maintenance	15,946	18,759
Salaries, wages, and benefits	137,513	119,806
Supplies and office	7,525	1,445
Telephone	3,006	2,893
Travel	3,068	3,007
	$ 167,718	$ 146,737
Queens County Regional Landfill		
Community fees	$ 80,000	$ 50,116
Contract services	85,911	90,509
Hazardous waste	26,898	5,494
Other	8,278	893
Repairs and maintenance	50,502	70,164
Security	-	247
Signage	280	898
Supplies	220	442
Utilities	531	250
	$ 252,620	$ 219,013

Island Waste Management Corporation
Schedule of Expenditures – Disposal

Year Ended March 31	2002	2001
Energy from Waste		
Amortization of PEI Energy Systems update	$ 28,272	$ -
Fly ash disposal	43,747	914
PEI Energy Systems contract	1,674,533	1,684,254
	$ 1,746,552	$ 1,685,168
Other Sites		
Advertising	$ 2,900	$ 3,346
Container sites	194,939	213,200
Other	2,201	3,963
Property taxes	25	26
Rent	2,060	2,000
Repairs and maintenance	528,222	403,860
Security	-	792
Supplies	3,119	4,399
Telephone	-	48
Utilities	7,479	7,316
	$ 740,945	$ 638,950
Other Disposal Costs		
Depreciation	$ 19,009	$ -
EFW testing	3,887	-
Inspection and quality control	61,861	29,660
Other	422	-
Scrap metal disposal	275,655	7,721
Water testing	28,506	-
	$ 389,340	$ 37,381
Total	$ 4,142,157	$ 3,426,639

Island Waste Management Corporation
Schedule of Expenditures – Tire Baling

Year Ended March 31	2002	2001
Depreciation	$ 36,734	$ 50,666
Equipment rental	36,590	95,472
Fuel	2,273	7,287
Interest on long term debt	9,451	9,735
Repairs and maintenance	5,343	19,260
Tires and wire	26,231	14,532
Trailer rental	3,752	4,094
Wages and benefits	64,142	138,861
	$ 184,516	$ 339,907

PRINCE EDWARD ISLAND

AGRICULTURAL INSURANCE CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Agricultural Insurance Corporation

I have examined the balance sheet of the Prince Edward Island Agricultural Insurance Corporation as at March 31, 2002 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Moore

Allan Moore, CA
Acting Auditor General

Charlottetown, Prince Edward Island
June 24, 2002

STATEMENT 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
BALANCE SHEET
AS AT MARCH 31, 2002

	CIP	BRRP	ADIP	AIDA	CFIP	NMCP	ESPQIP	TOTAL 2002	TOTAL 2001
ASSETS:									
Cash	$2,782,123	$148,074	$ -	$ -	$ -	$ -	$500,755	$3,430,952	$1,256,766
Term Deposits - Note 3	-	90,720	-	-	-	-	-	90,720	6,470,969
Accrued Interest	-	-	-	-	-	-	-	-	82,466
Accounts Receivable									
- Federal Interest	-	-	-	-	16,089	-	-	16,089	-
- General	2,171	136	-	-	-	-	749	3,056	3,193
- Producer	3,698	-	23,432	63,480	12,545	17,164	-	120,319	163,601
- Province of PEI	-	-	-	76,166	127,147	51,693	-	255,006	210,535
- Federal Government	189,179	-	-	97,800	360,851	98,906	222,479	969,215	1,155,538
	$2,977,171	$238,930	$23,432	$237,446	$516,632	$167,763	$723,983	$4,885,357	$9,343,068
LIABILITIES:									
Overdraft	$ -	$ -	$38,342	$250,832	$ 96,819	$119,953	$ -	$ 505,946	$ 385,836
Accounts Payable									
- General	6,493	-	31	222	90	103	-	6,939	1,073
- Province of PEI	18,027	-	-	-	173,892	-	721,039	912,958	911,211
Indemnities Payable	810,284	-	-	-	223,542	51,693	-	1,085,519	990,583
Advanced Federal Contributions	-	-	-	-	-	-	-	-	53,231
Unearned Income	2,633	-	-	-	-	-	-	2,633	906
	837,437	-	38,373	251,054	494,343	171,749	721,039	2,513,995	2,342,840
SURPLUS (DEFICIT)	2,139,734	238,930	(14,941)	(13,608)	22,289	(3,986)	2,944	2,371,362	7,000,228
	$2,977,171	$238,930	$23,432	$237,446	$516,632	$167,763	$723,983	$4,885,357	$9,343,068

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

Keith Bassett

Henry D Compton

STATEMENT 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
FOR THE YEAR ENDED MARCH 31, 2002

	CIP	BRRP	ADIP	AIDA	CFIP	NMCP	ESPQIP	FIAP	TOTAL 2002	TOTAL 2001
REVENUE:										
Insurance Premiums										
- Farmer	$1,469,477	$ 15,386	$ -	$ -	$ -	$ -	$ -	$ -	$1,484,863	$1,398,293
- Provincial	734,738	7,683	-	-	-	-	-	-	742,421	699,137
- Federal	734,738	-	-	-	-	-	-	-	734,738	692,644
	2,938,953	23,069	-	-	-	-	-	-	2,962,022	2,790,074
Less: Premium Discount	15,597	-	-	-	-	-	-	-	15,597	12,341
	2,923,356	23,069	-	-	-	-	-	-	2,946,425	2,777,733
Contributions to Operating Expenses										
- Provincial	258,592	-	-	8,671	95,081	-	-	-	362,344	326,939
- Federal	258,592	-	-	1,366	142,621	-	-	-	402,579	373,745
	517,184	-	-	10,037	237,702	-	-	-	764,923	700,684
Other										
Provincial Grant-Note 1(d) - 1(g)	-	-	-	(918)	2,791,680	561,669	481,653	-	3,834,084	2,157,156
Federal Grant-Note 1(d) - 1(h)	-	-	-	145,238	3,845,526	764,965	722,479	4,884,426	10,362,634	4,227,397
Reinsurance Benefits	2,865,400	-	-	-	-	-	-	-	2,865,400	-
Interest	348,729	7,488	1,904	4,808	6,200	301	2,944	4,824	377,198	431,970
Federal Interest on Advances	-	-	-	-	16,089	-	-	-	16,089	-
Late Filing Charge	504	-	-	-	-	-	-	-	504	357
Administration Fee	-	-	-	-	-	-	-	-	-	10,245
	3,214,633	7,488	1,904	149,128	6,659,495	1,326,935	1,207,076	4,889,250	17,455,909	6,827,125
Total Revenue	6,655,173	30,557	1,904	159,165	6,897,197	1,326,935	1,207,076	4,889,250	21,167,257	10,305,542
EXPENSES:										
Indemnities	10,677,306	-	2,714	144,320	6,637,206	1,326,634	1,204,132	4,884,426	24,876,738	9,659,387
Administration - Schedule 2	517,184	-	-	10,037	237,702	-	-	-	764,923	700,684
Bad Debt	-	-	7,593	22,407	-	-	-	-	30,000	25,259
Interest	-	-	980	4,575	-	4,287	-	-	9,842	-
Reinsurance Premium	114,620	-	-	-	-	-	-	-	114,620	-
Total Expenses	11,309,110	-	11,287	181,339	6,874,908	1,330,921	1,204,132	4,884,426	25,796,123	10,385,330
Net Income (Loss) for the Year	(4,653,937)	30,557	(9,383)	(22,174)	22,289	(3,986)	2,944	4,824	(4,628,866)	(79,788)
Surplus, (Deficit) Beginning of Year	6,788,847	208,373	(5,558)	8,566	-	-	-	-	7,000,228	7,080,016
Transfer - Note 1(h)	4,824	-	-	-	-	-	-	(4,824)	-	-
Surplus, (Deficit) End of Year	$2,139,734	$238,930	$(14,941)	$(13,608)	$ 22,289	$ (3,986)	$ 2,944	$ -	$2,371,362	$7,000,228

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

	CIP	BRRP	ADIP	AIDA	CFIP	NMCP	ESPQIP	FIAP	TOTAL 2002	TOTAL 2001
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts from Producers	$ 1,476,420	$ 15,386	$ 803	$ 21,879	$ (12,545)	$ (17,164)	$ -	$ -	$1,484,779	$1,384,869
Receipts from Provincial Government	994,964	7,683	-	(124,956)	3,045,006	510,162	449,749	-	4,882,608	3,764,176
Receipts from Federal Government	844,078	-	-	134,994	3,839,801	666,337	1,253,207	4,884,426	11,622,843	5,153,857
Reinsurance Benefits	2,865,400	-	-	-	-	-	-	-	2,865,400	-
Indemnity Payments	(10,229,714)	-	(2,714)	(772,211)	(6,406,947)	(1,274,941)	(1,204,132)	(4,884,426)	(24,775,085)	(9,266,038)
Payments for Program Administration	(517,184)	-	-	(10,037)	(237,702)	-	-	-	(764,923)	(701,184)
Interest Received	431,910	7,659	955	455	6,290	(3,883)	2,195	4,824	450,405	447,991
Administration Fees Received	-	-	-	-	17,000	-	-	-	17,000	10,745
Reinsurance Premiums	(109,200)	-	-	-	-	-	-	-	(109,200)	-
Transfer from (to) Other Fund - Note 1(h)	4,824	-	-	-	-	-	-	(4,824)	-	-
NET INCREASE (DECREASE)	(4,238,502)	30,728	(956)	(749,876)	250,903	(119,489)	501,019	-	(4,326,173)	794,416
Balance, beginning of year	7,020,625	208,066	(37,386)	499,044	(347,722)	(464)	(264)	-	7,341,899	6,547,483
Balance, end of year	$ 2,782,123	$238,794	$(38,342)	$(250,832)	$ (96,819)	$ (119,953)	$ 500,755	$ -	$3,015,726	$7,341,899
As represented by:										
Cash	$ 2,782,123	$148,074	$ -	$ -	$ -	$ -	$ 500,755	$ -	$3,430,952	$1,256,766
Bank Overdraft	-	-	(38,342)	(250,832)	(96,819)	(119,953)	-	-	(505,946)	(385,836)
Term Deposits	-	90,720	-	-	-	-	-	-	90,720	6,470,969
Total Cash and Cash Equivalents	$ 2,782,123	$238,794	$(38,342)	$(250,832)	$ (96,819)	$ (119,953)	$ 500,755	$ -	$3,015,726	$7,341,899

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Summary of significant accounting policies:

(a) Crop Insurance Program (CIP)

The Crop Insurance Program is treated as a separate fund and is intended to be self sustaining. The assets, liabilities and fund balances are segregated.

The agreement negotiated between the federal and provincial governments cover the cost sharing arrangements for insurance premiums and administrative expenses. Insurance revenues include government contributions to insurance premiums as described in Schedule 1. Administration expenses are cost shared 50-50 by both governments.

(b) Bacterial Ring Rot Program (BRRP)

This program was established in 1995-96 to provide protection against bacterial ring rot infection. The premium is cost shared 33.3% by the province and 66.7% by the producer.

(c) Agricultural Disaster Insurance Program (ADIP)

This is an agricultural safety net program available to farmers for the 1995-1998 tax years. The Agricultural Disaster Insurance Program was terminated effective January 1, 2000.

(d) Agricultural Income Disaster Assistance (AIDA)

This program was designed to be compatible with and complementary to existing federal-provincial safety net programs. AIDA is a two year program for the 1998 and 1999 taxation years. The federal government contributed 60% and the province 40% towards eligible claim payments, as well as, costs of administering the program. Indemnities for the 2000-01 fiscal year included only 95% of the federal governments required contribution. Additional federal funding allocations increased the federal government's contributions to 99.2% of the federal eligibility limits. The increased federal funding has been recognized in the 2002 fiscal year of the Agricultural Insurance Corporation.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2002

(e) Canadian Farm Income Program (CFIP)

The purpose of this program is to provide income support to Canadian producers when, for reasons beyond their control, there is an extreme reduction in their farm income. The program is available for the 2000, 2001 and 2002 taxation years. The federal government contributes 60% and the province 40% towards eligible claim payments and administration. As of March 31, 2002, the federal government had committed to fund 50% of the federal 60% share on claims for producer's 2001 claim year. Federal contributions are subject to appropriations of funding being approved by Parliament. The federal government increased its funding commitment to 70% of the 60% federal share subsequent to March 31, 2002.

(f) PEI Negative Margin Coverage Program (NMCP)

This is a federal-provincial companion program designed to supplement the Canadian Farm Income Program. Eligible claim payments are cost-shared 60% by the federal government and 40% by the province.

(g) Seed Incentives (ESPQIP)

An agreement was entered into with the federal government which provides for cost sharing of incentives provided to producers for the 2000 crop year under the Seed Potato Incentive Program (SPIP) and Seed Potato Virus Reduction Program (SPVRP). Eligible program expenditures are cost shared 60% by the federal government and 40% by the province. For the 2001 crop year these programs were combined as the Elite Seed Potato Quality Improvement Program (ESPQIP). Balances at March 31, 2001 for SIP and SPVRP have been combined and treated as opening balances of ESPQIP.

(h) Farm Income Adjustment Program (FIAP)

The Agriculture Insurance Corporation administered the federally funded Farm Income Adjustment Program. This program provided payments to producers based on Eligible Net Sales information. A surplus of $4,824 realized due to interest income has been transferred to the Crop Insurance Fund.

(i) Surplus or Deficit/Net Income or Loss

Government policy has been to allow the Insurance Funds to retain surpluses or recover deficits.

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

MARCH 31, 2002

2. Related Party Transactions

In the current year, three board members entered into crop insurance contracts under the Crop Insurance Program with premiums of $4,644 collected and indemnities of $18,682 paid. One Board member was enrolled in the Elite Seed Quality Improvement Program receiving program benefits of $11,385. A final payment of $154 was made to one Board member enrolled in the AIDA program for the 1999 tax year. Three Board members and three employees of Agriculture Insurance Corporation received payments totalling $21,600 under the Farm Income Adjustment Program. These transactions were made on terms similar to those with unrelated parties and were in accordance with requirements of the program.

3. Term Deposits

Term Deposits are short term investments that are valued at cost plus accumulated interest. The carrying amount of term deposits approximates their market value.

SCHEDULE 1

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF CROP INSURANCE FUND SURPLUS OR DEFICIT

FOR THE YEAR ENDED MARCH 31, 2002

	Surplus (Deficit) Start of Year	2001 Changes		Surplus (Deficit) End of Year
		Premiums	Indemnities	
CROP				
Potatoes	$1,081,198	$2,404,968	$ 9,106,861	$(5,620,695)
Tobacco	1,486,502	10,415	51,256	1,445,661
Grain	2,244,091	218,270	713,253	1,749,108
Cole Crops	(332,071)	214,115	388,395	(506,351)
Rutabagas	39,862	35,886	205,652	(129,904)
Processed Peas	61,200	-	-	61,200
Winter Wheat	(153,544)	5,440	-	(148,104)
Soybean	(14,928)	28,820	170,003	(156,111)
Dry Bean	(70,991)	3,487	15,723	(83,227)
Grain Corn	(6,939)	13,868	12,618	(5,689)
Other	(31,815)	3,684	13,545	(41,676)
Total	4,302,565	2,938,953	10,677,306	(3,435,788)
UNALLOCATED SURPLUS (DEFICIT)	2,486,282	3,089,240*	-	5,575,522
	$6,788,847	$6,028,193	$10,677,306	$ 2,139,734

*The change consists of:	
Premium Discount	(15,597)
Interest Income	348,729
Late Filing Charge	504
Reinsurance Benefit	2,865,400
Reinsurance Premium	(114,620)
Transfer of FIAP Surplus	4,824
	$3,089,240

INSURANCE PREMIUMS - See Note 1(a)

The producer contributes 50% and the Federal and Provincial governments contribute 25% each to premiums for the Crop Insurance Fund.

The Farm Income Adjustment Program was completed in 2001-2002. The March 31, 2002 surplus of $4,824 has been transferred to the Crop Insurance Fund.

SCHEDULE 2

PRINCE EDWARD ISLAND AGRICULTURAL INSURANCE CORPORATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED MARCH 31, 2002

	CIP	AIDA	CFIP	2002 Total	2001 Total
ADMINISTRATIVE EXPENSES					
Audit	$ 10,500	$ -	$ 9,300	$ 19,800	$ 16,000
Board Fees	7,774	-	1,730	9,504	9,051
Contract Services	-	-	-	-	2,947
General	5,591	10,037	1,005	16,633	5,810
Legal and Other	-	-	-	-	2,720
Office	12,192	-	9,032	21,224	19,487
Office Accommodation	9,386	-	-	9,386	13,387
Salaries and Benefits	409,770	-	228,498	638,268	565,854
Travel	61,971	-	5,137	67,108	65,428
Less Fees Applied	-	-	(17,000)	(17,000)	-
	$517,184	$10,037	$237,702	$764,923	$700,684

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Agricultural Research Investment Fund Inc.

I have audited the balance sheet of the PEI Agricultural Research Investment Fund Inc. as at March 31, 2002 and the statement of revenue, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
May 29, 2002

STATEMENT 1

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Cash	$ 931,593	$ 53,243
Provincial Deposit Receipt - at cost	-	758,936
Accounts Receivable		
- Province of Prince Edward Island	400,000	600,000
- General	119,661	828
	$1,451,254	$1,413,007
LIABILITY AND SHAREHOLDER'S EQUITY		
Accrued Liability	$ 217,127	$ 252,126
Share Capital - Note 3	100	100
Surplus - Statement 2	1,234,027	1,160,781
	$1,451,254	$1,413,007

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

STATEMENT 2

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenue		
Provincial Grant	$ 400,000	$ 600,000
Interest Revenue	41,679	49,732
	441,679	649,732
Expenditures		
Administration	3,389	1,601
Research Projects	365,044	642,410
	368,433	644,011
Net Income for the Year	73,246	5,721
Surplus, Beginning of Year	1,160,781	1,155,060
Surplus, End of Year	$1,234,027	$1,160,781

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from Province	$600,000	$ 200,000
Payments to Projects	(518,977)	(515,246)
Payments for Administration Expenses	(3,389)	(1,601)
Interest Received	41,780	49,753
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,414	(267,094)
CASH AND CASH EQUIVALENTS - Note 5		
Balance, Beginning of Year	812,179	1,079,273
Balance, End of Year	$931,593	$ 812,179

(The accompanying notes are an integral part of these financial statements.)

PEI AGRICULTURAL RESEARCH INVESTMENT FUND INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Operations

The PEI Agricultural Research Investment Fund Inc. was incorporated on March 31, 1995 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for agricultural research in the Province.

2. Future Commitments

In addition to the accrued liability, the corporation has approved eight research projects providing for future commitments of:

April 1, 2002 to March 31, 2003	$271,520
April 1, 2003 to March 31, 2004	115,666
April 1, 2004 to March 31, 2005	48,400
	$435,586

3. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2002 there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Agriculture and Forestry, is the sole shareholder.

4. Provincial Administrative Expenses

Costs incurred by the Department of Agriculture and Forestry on behalf of the PEI Agricultural Research Investment Fund Inc. in administrating this fund are not reflected in the financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2002	2001
Cash on hand and balances with bank	$931,593	$ 53,243
Provincial deposit receipt	-	758,936
	$931,593	$812,179

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
PEI Aquaculture and Fisheries Research Initiative Inc.

I have audited the balance sheet of the PEI Aquaculture and Fisheries Research Initiative Inc. as at March 31, 2002 and the statement of revenue, expenditures and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Moore, CA

for J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
May 21, 2002

STATEMENT 1

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

BALANCE SHEET

AS AT MARCH 31, 2002

ASSETS

	2002	2001
Cash	$ 57,696	$ 24,377
Short Term Investments - at cost	761,075	840,602
Accrued Interest	2,392	921
Accounts Receivable - Province of PEI	100,000	50,000
	$921,163	$915,900

LIABILITY AND SHAREHOLDER'S EQUITY

	2002	2001
Accrued Liability	$120,786	$171,263
Share Capital - Note 3	100	100
Surplus - Statement 2	800,277	744,537
	$921,163	$915,900

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ____________________

DIRECTOR: ____________________

STATEMENT 2

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenue		
Provincial Grant	$100,000	$ 50,000
Interest Revenue	26,798	47,001
	126,798	97,001
Expenditures		
Administration	4,675	5,203
Research Projects	66,383	133,163
	71,058	138,366
Net Income (Loss) for the Year	55,740	(41,365)
Surplus, Beginning of Year	744,537	785,902
Surplus, End of Year	$800,277	$744,537

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Province	$ 50,000	$ -
Receipts from Projects	5,825	-
Payments to Projects	(122,548)	(120,072)
Payments for Administration Costs	(4,812)	(5,876)
Interest Received	25,327	53,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(46,208)	(72,272)
CASH AND CASH EQUIVALENTS		
Balance, Beginning of Year - Note 6	864,979	937,251
Balance, End of Year - Note 6	$818,771	$864,979

(The accompanying notes are an integral part of these financial statements.)

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Operations

The PEI Aquaculture and Fisheries Research Initiative Inc. was incorporated on March 27, 1996 under Part 1 of the Companies Act. The main objective of the corporation is to provide funds for aquaculture, lobster and processing research in the Province.

2. Commitments

The corporation has approved two research projects providing for future commitments of:

April 1, 2002 - March 31, 2003	$55,515
April 1, 2003 - March 31, 2004	20,000
April 1, 2004 - March 31, 2005	20,000
	$95,515

3. Share Capital

The corporation has authorized 5,000 common shares with a $1 par value. As at March 31, 2002, there were 100 common shares issued and outstanding. The Government of Prince Edward Island, as represented by the Minister of Fisheries, Aquaculture and Environment is the sole shareholder.

4. Provincial Administrative Expenses

Costs incurred by the Department of Fisheries, Aquaculture and Environment on behalf of the PEI Aquaculture and Fisheries Research Initiative Inc. in administering this fund are not reflected in these financial statements. These costs include salary and related employee benefits, office accommodations, and miscellaneous administrative expenses.

5. Related Party Transactions

In 1998-99, one Board member was hired to conduct research on a project that has received funding from the Research Initiative. The Research Initiative was to provide $51,635 towards the project's budgeted cash outlay of $74,685. The total amount budgeted to be paid to this Board member was $22,500. The project was cancelled in 2001-02 with AFRI contributing $35,685 towards the total project expenses of $52,088, which included a payment of $17,976 to the Board member. These transactions were made on terms similar to those with unrelated parties and were in accordance with the requirements of the Research Initiative.

PEI AQUACULTURE AND FISHERIES RESEARCH INITIATIVE INC.

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

6. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2002	2001
Cash on hand and balances with bank	$ 57,696	$ 24,377
Short term investments	761,075	840,602
Total cash and cash equivalents	$818,771	$864,979

Prince Edward Island Business Development Inc.

Consolidated Financial Statements
March 31, 2002

May 29, 2002

Auditors' Report

To the Minister of Development and Technology

We have audited the consolidated balance sheet of **Prince Edward Island Business Development Inc.** as at March 31, 2002 and the consolidated statements of revenues and expenditures, deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Prince Edward Island Business Development Inc.

Consolidated Balance Sheet

As at March 31, 2002

	2002 $	2001 $
Assets		
Current assets		
Cash and short-term investments (note 3)	1,534,949	1,819,226
Accounts receivable (notes 4 and 17)	3,091,313	3,534,849
Grant receivable	587,000	420
Current portion of loans receivable	1,819,836	5,000,299
Prepaid expenses	19,190	10,804
Inventory (note 4)	416,649	1,453,462
Work in progress	-	49,700
Due from the Province of Prince Edward Island – current operations (note 6)	-	1,627,711
	7,468,937	13,496,471
Due from the Province of Prince Edward Island - allowance for possible losses (note 6)	12,381,324	9,944,712
Investment in non-marketable securities (note 7)	5,520,526	9,083,870
Deferred development costs	-	206,945
Loans receivable, less current portion (note 5)	3,718,786	5,490,000
Property holdings (note 8)	7,375,044	1,521,587
Capital assets (notes 9 and 17)	21,873,607	12,461,487
Funds held in trust (notes 3, 10 and 17)	11,575,901	10,828,020
Net investment in leases (note 11)	1,007,315	1,007,315
Deferred costs	-	58,939
Assets under capital lease	4,575,315	1,478,814
	75,496,755	65,578,160
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 14 and 17)	17,481,909	20,895,110
Deferred revenue	27,901	10,012
Progress billings in excess of work-in-progress	970	-
Current portion of notes payable and long-term debt	5,246,666	9,188,131
Due to the Province of Prince Edward Island - current operations (note 6)	3,287,612	-
	26,045,058	30,093,253
Funds held in trust (notes 10 and 17)	11,575,901	10,828,020
Notes payable and long-term debt, less current portion (note 12)	20,082,790	11,001,956
Deferred credits (notes 13 and 17)	16,787,942	12,010,205
	74,491,691	63,933,434
Contingent liabilities (note 14)		
Shareholders' Equity		
Contributed surplus (note 17)	1,786,248	1,786,248
Deficit	(781,184)	(141,522)
	1,005,064	1,644,726
	75,496,755	65,578,160

Approved by the Corporation

______________________________ Minister

Prince Edward Island Business Development Inc.

Consolidated Statement of Deficit

For the year ended March 31, 2002

	2002 $	2001 $
Deficit – Beginning of year	(141,522)	(293,934)
Excess revenue (expenditures) for the year	(639,662)	152,442
	(781,184)	(141,492)
Excess revenue repayable to Province of Prince Edward Island (note 6)	-	(30)
Deficit – End of year	(781,184)	(141,522)

Prince Edward Island Business Development Inc.

Consolidated Statement of Revenues and Expenditures

For the year ended March 31, 2002

	2002 $	2001 $
Revenue		
Grant – Province of P.E.I. (note 17)	28,704,100	43,819,500
Investment operations	727,888	694,549
Interest from deposits	30,859	121,797
Property operations	1,329,763	1,505,180
Miscellaneous	138,514	9,283
Project revenues	2,749,583	3,120,452
Retail operations (Schedule)	248,875	248,422
	33,929,582	49,519,183
Expenditures		
Corporate management	2,075,353	1,958,732
Corporate services	1,464,986	1,750,913
New business development activities	360,520	482,671
Marketing services	292,813	150,347
Client services	577,401	477,262
Trade development activities	309,924	268,741
Administration	590,761	542,489
Investment operations	6,929,898	7,819,577
Programs	15,407,909	29,107,523
Project costs	1,657,311	2,300,684
Business expansion activities	263,052	197,495
Film and new media	152,177	98,775
Community information technology	190,094	126,570
Labour force	81,880	69,537
Special projects	189,372	58,675
Charlottetown Civic Centre Inc.	87,000	95,000
Development organizations	3,414,162	3,362,052
Retail operations (Schedule)	96,186	90,052
Amortization – property holdings, capital assets and deferred costs	2,060,847	1,966,733
Amortization – deferred credits	(1,632,402)	(1,557,087)
	34,569,244	49,366,741
Excess revenue (expenditures) for the year	(639,662)	152,442

Prince Edward Island Business Development Inc.

Consolidated Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year	(639,662)	152,442
Items not affecting cash		
Amortization – deferred credits	(1,632,402)	(1,557,087)
Amortization – property holdings, capital assets and deferred costs	2,060,847	1,966,733
Gain on disposal of property holdings	(27,600)	(194,369)
Increase in due from the Province of Prince Edward Island – allowance for possible losses	(2,436,612)	(6,450,277)
Provision for possible losses - subsidiaries	30,000	-
	(2,645,429)	(6,082,558)
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable - net	443,536	(2,012,498)
Decrease (increase) in grant receivable	(586,580)	50,680
Increase in prepaid expenses	(8,386)	(8,846)
Decrease (increase) in inventory	1,036,813	(1,054,451)
Decrease (increase) in work-in-progress	49,700	(36,160)
Decrease in due from the Province of P.E.I. – current operations	4,915,323	3,041,569
Increase (decrease) in accounts payable and accrued liabilities	(3,413,201)	7,350,303
Increase in deferred revenue	17,889	230
Increase in progress billings in excess of work in progress	970	-
	(189,365)	1,248,269
Financing activities		
Decrease in demand loans	-	(2,570,000)
Increase in deferred credits	6,410,139	3,225,000
Net change in funds held in trust	747,881	(5,508,375)
Increase in notes payable and long-term debt (net)	5,139,369	5,235,547
Increase in net investment in leases	-	6
	12,297,389	382,178
Investing activities		
Proceeds on disposal of deferred development costs	206,945	-
Purchase of capital assets	(11,240,235)	(804,108)
Additions to and purchases of property holdings	(6,185,215)	(889,977)
Reductions of and proceeds on disposal of property holdings	185,565	2,093,451
Decrease (increase) in investment in non-marketable securities	3,563,344	(1,876,857)
Decrease (increase) in loans receivable (net)	4,951,677	(5,553,733)
Increase in deferred costs	-	(58,532)
Increase in assets under capital lease	(3,096,501)	(1,478,814)
	(11,614,420)	(8,568,570)
Increase (decrease) in cash and short-term investments and funds held in trust	463,604	(6,938,123)
Cash and short-term investments and funds held in trust – Beginning of year	12,647,246	19,585,369
Cash and short-term investments and funds held in trust – End of year	13,110,850	12,647,246

1. Status of the Corporation

Prince Edward Island Business Development Inc. is a Crown corporation incorporated under the Prince Edward Island Business Development Inc. Act (formerly Enterprise P.E.I. Act). Its financial results are included in the public accounts of the Province of Prince Edward Island.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

a) General

These consolidated financial statements include the accounts of the wholly-owned subsidiaries, F.T.C. Enterprises Limited, Environmental Industrial Services Inc., Corporate Services Ltd., Souris Food Park Development Corporation, Gateway Village Development Inc., Solanum – P.E.I., A Canadian Potato Systems Company Inc., Island Products Holding Inc. and Technology Prince Edward Island Inc. all having March 31, 2002 year ends.

b) Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out basis, and net realizable value.

c) Due from the Province of Prince Edward Island

i) Current operations

Excess revenue for the 2001 year for the parent company, Prince Edward Island Business Development Inc., is recorded as an amount due to the Province of Prince Edward Island. The excess expenditures for the current year, for the parent company, is recorded as a deficit.

Operating grant – Province of Prince Edward Island is grants from the Province in excess of cash expenditures for the year.

ii) Allowance for possible losses

The annual funded allowance for possible losses (expense or recovery) is recorded as an amount "Due from the Province of Prince Edward Island – Allowance for Possible Losses". The "Due from the Province of Prince Edward Island – Allowance for Possible Losses" is reduced when a write-off is recognized by both Prince Edward Island Business Development Inc. and the Province, with notes payable reduced correspondingly. The allowance for possible losses is also reduced by any payment received from the Province on the allowance for possible losses for guarantees. During the year, Prince Edward Island Business Development Inc. recorded an allowance of $6,001,467 (2001 - $6,450,277) of which $5,439,412 (2001 - $6,450,277) is due from the Province of Prince Edward Island.

d) **Allowance for possible losses**

An allowance is maintained which is considered adequate to absorb all credit and investment related losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees is included in accounts payable.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $11,288,379 (2001 – $5,845,112). The accumulated allowances for losses on specific off-balance sheet items totalling $1,585,000 (2001 – $4,062,000) are included in the accounts payable and accrued liabilities.

The company does not accrue interest on a loan receivable once a specific provision has been recorded against the loan.

The corporation reviews its investments and advances, leased property and property holdings and guarantees on an ongoing basis to assess whether an allowance or write-off is required.

A variety of methods are used to determine the amount expected to be recovered from investments and advances to private companies and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $340,000 (2001 – $337,600) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar loans, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

e) **Investment in non-marketable securities**

Investment in and advances to private companies made under the former Small Business Equity Program are recorded on the balance sheet at one-half of cost, except for two preferred share investments, less an allowance for possible losses. The remaining one-half of these Small Business Equity Program investments are accounted for as a new business development activity expense on the statement of revenue and expenditures in the year the investments were made. Any recovery exceeding the balance in share investment is taken into revenue when received.

The two investments in preferred shares of private companies are either common shares or non-redeemable preferred shares and are being carried at the lower of cost and estimated realizable value.

Investments under the Venture Capital Equity Program are recorded at cost less an allowance for possible losses.

Advances – Venture Capital Debt Program are recorded at cost, less an allowance for possible losses.

Investments in private companies and Advances – Venture Capital Debt program are written down or an allowance is established to reflect estimated realizable value when an impairment in their carrying value becomes evident. Write downs are included in new business development activities expense.

It is not practical within constraints of timeliness and cost to determine the fair value of the investment in private companies as these investments are in closely held private companies that have no organized financial market. The estimated realizable value of these investments and advances is based on expected future cash flows.

f) **Capital assets and amortization**

i) Property holdings

Property holdings are reported at the lower of cost, net of government grants, and estimated realizable value.

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition, except for F.T.C. Enterprises Limited and Atlantic Technology Centre Inc., a subsidiary of Technology Prince Edward Island Inc., which recorded these items as a capital asset at cost. The amount expensed during the year ended March 31, 2002 was $161,642 (2001 – $113,750). Proceeds on the sale of industrial sites are recorded as a reduction in the carrying value of the asset. Buildings held for resale and industrial malls are amortized using the straight-line method at the annual rates of 7% and 4%.

Land improvements and buildings in Prince Edward Island Business Development Inc. are amortized using the straight-line method at the rates of 10% and 4% respectively.

Assets under construction are recorded at cost and will be amortized upon completion.

ii) Capital assets – property for development

Property for development is recorded at cost and will be transferred to a capital asset when the property has been developed. Soft costs related to a property for development will be capitalized and amortized over the estimated life of the project commencing upon completion of the development of the property.

iii) Capital assets – Technology PEI

Design and pre-construction costs incurred by Atlantic Technology Centre Inc. associated with the building are recorded as building soft costs. These costs will be capitalized as part of the cost of the building upon completion of construction. During the year, Atlantic Technology Centre Inc. capitalized $9,146 (2001 – nil) in interest as building soft costs.

No amortization has been recorded in the period on these capital assets. Assets are under construction and the company is in a pre-operating period prior to the commencement of commercial activities.

Amortization of costs related to the building will commence upon completion of construction and amortization of computer hardware and software will commence when the company commences commercial activities.

iv) Amortization

Capital assets are amortized using the straight-line method at annual rates ranging from 5% to 50% as indicated in note 10.

A full year's amortization is recorded in the year of acquisition.

v) Estimated realizable value

Estimated realizable value for industrial sites is the expected proceeds on resale and for industrial malls it is the property tax assessed value.

Estimated realizable value for land, buildings and equipment held for resale under lease purchase options is its property tax assessed value.

The reduction from cost to estimated realizable value is recorded as a provision for possible losses.

g) **Net investment in leases**

The company's subsidiaries accumulate costs of constructing assets, that are to be classified as capital leases, as assets under capital lease, and the related grants as deferred credits until the lease term begins. When the lease term begins, the assets under capital lease and deferred credits are removed from the balance sheet and a net investment in leases is recorded. The net investment in leases represents the minimum lease payments receivable over the term of the lease plus the purchase option.

h) **Programs assistance payable**

Provincially funded non-cost shared program assistance is expensed and included in accrued liabilities when approved and accepted. Federal-Provincial cost shared programs are expensed when the funds are disbursed.

The P.E.I. Food Products Development Fund is a provincially-funded research assistance program administered by F.T.C. Enterprises Limited. Grants under the program are included in income and a corresponding expense and accrued liability is recorded when the grant is received. The accrued liability is reduced when contributions are made to projects.

i) **Federal programs and grants**

Federal programs

Prince Edward Island Business Development Inc. administers programs on behalf of the Federal Government. Any difference between federal funding received and program expenditures is recorded as an accounts receivable or accounts payable. During the year, Prince Edward Island Business Development Inc. disbursed $4,554,807 (2001 – $1,285,973) under the programs. Included in accounts receivable is $567,791 (2001 – $1,006,976) due from the federal government relating to the 2002 programs.

Included in the program disbursements is $278,432 (2001 – $298,590) in costs related to salary costs of Prince Edward Island Business Development Inc. employees who deliver and administer these programs. This cost recovery has been recorded as a reduction in Prince Edward Island Business Development Inc. salary costs.

Federal grants

Federal government grants received relating to operating or program expenditures are recorded as a reduction in the related expenditures in the period received. During the year, the company has recorded $644,777 (2001 – $495,626) as a reduction of program expenditures for federal grants received.

j) **Pension liability**

Most of the corporation's staff are members of the Province of Prince Edward Island pension plan. Pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation.

k) **Deferred credits**

Prince Edward Island Business Development Inc. subsidiaries have adopted the policy that contributions received towards the acquisition of capital assets will be recorded as deferred credits and amortized to earnings on the same basis as the related capital assets are amortized.

l) **Revenue recognition**

Prince Edward Island Business Development Inc. subsidiaries follow the percentage-of-completion method of accounting for revenue and expenditures on project contracts. The percentage-of-completion method records the organization's revenue based on the expenditures incurred and work completed on each contract in progress as at the balance sheet date.

Work in progress in excess of progress billings is recorded at year end to appropriately recognize revenue under the percentage-of-completion basis of accounting when work in progress is in excess of actual billings generated. When progress billings are in excess of the related work in progress at year end the excess is recorded as progress billings in excess of work in progress.

Revenue from product royalties is recorded as received.

m) **Interest expense**

Interest paid by Prince Edward Island Business Development Inc. is included as part of the program expense to which it relates. Included in expenses is interest expense for 2002 as follows:

	2002 **$**	**2001** **$**
Interest on short-term borrowings	332,743	345,021
Interest on long-term debt	820,192	939,373
	1,152,935	1,284,394

n) **Management estimates**

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

o) **Estimated realizable value of financial instruments**

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial loss to this company.

3. Market value of investments

Cash and short-term investments and funds held in trust of $13,110,850 (2001 – $12,647,246) consist of portfolio investments and cash having a quoted market value of $13,066,669 (2001 – $12,630,291). The majority of marketable securities have a fixed value and it is expected that most securities will be held until they mature.

4. Accounts receivable and inventory

The accounts receivable have been reduced by an allowance for possible losses of $182,167 (2001 – $192,446).

Inventory has been reduced by an allowance for possible losses of nil (2001 – $210,000).

5. Loans receivable

				2002	2001
	Total $	**Impaired Loans included in total $**	**Allowance for possible losses Specific $**	**Net $**	**Net $**
Working capital and demand loans	2,307,238	1,012,149	1,520,403	786,835	811,968
Craft loans	148,748	-	20,235	128,513	111,191
Long-term loans					
Manufacturing and processing	6,438,169	3,345,644	3,018,817	3,419,352	3,942,971
Tourism	700,327	-	100,000	600,327	2,750,000
Small business	400,636	-	129,500	271,136	2,529,169
Other	261,956	-	-	261,956	325,000
Technology	100,500	60,000	30,000	70,500	20,000
	7,901,588	3,405,644	3,278,317	4,623,271	9,567,140
Total Loans Receivable	10,357,574	4,417,793	4,818,955	5,538,619	10,490,299
Less: loans due within the next fiscal year	6,232,231	4,347,793	4,412,395	1,819,836	5,000,299
	4,125,343	70,000	406,560	3,718,783	5,490,000

The working capital and demand loans and craft loans are due on demand with various interest rates due within the next fiscal year.

The long-term loans receivable have various repayment terms and interest rates ranging from 4% to 9.25%.

6. Due (to) from the Province of Prince Edward Island

	2002 $	2001 $
Current operations		
Excess revenue for the year (non-consolidated) repayable to the Province of Prince Edward Island	-	(30)
Operating grant - Province of Prince Edward Island	(3,287,612)	1,627,741
	(3,287,612)	1,627,711
Allowance for possible losses		
Balance – beginning of year	9,944,712	3,494,435
Current year's provision for possible losses expense	6,001,467	6,450,277
Advance on provision for possible losses from the Province of Prince Edward Island	(3,002,800)	-
Current year's provision for possible losses recorded as a deficit	(562,055)	-
Balance – end of year	12,381,324	9,944,712

7. Investment in non-marketable securities

	2002 $	2001 $
Investment in private companies		
Small business equity program investments	6,576,732	3,096,732
Venture capital equity program investments	495,189	362,000
	7,071,921	3,458,732
Less: Allowance for possible losses	5,416,030	1,876,030
	1,655,891	1,582,702
Investment in preferred shares of private corporations	3,494,812	7,114,812
Royalties receivable from private corporation	31,618	-
Advances – Venture Capital Debt Program		
Advances to private companies – bearing interest at variable rates, repayable on performance	805,185	883,356
Less: Allowance for possible losses	466,980	497,000
	338,205	386,356
	5,520,526	9,083,870

Of the preferred shares in private corporations, $50,000 are to be redeemed by the issuer at the rate of $10,000 per year, with the first redemption to occur in the 2008 year.

The royalties receivable are non-interest bearing and are to be recoverable in the amount of 1.25% of gross income received by the purchaser for the direct sales of the products sold or 12.5% of net licensing fees received by the purchaser for licensing agreements, with one-half of these royalties being payable to the original patent holders by F.T.C. Enterprises Limited under an assignment`. During the year, F.T.C. Enterprises Limited received net royalties of $5,327 (2001 – nil) which have been applied against the receivable balance.

8. Property holdings

	2002			2001
	Cost $	**Accumulated amortization and grants $**	**Net $**	**Net $**
Land	981,500	-	981,500	-
Land improvements	44,766	4,477	40,289	-
Building	1,611,451	64,458	1,546,993	-
Industrial sites	3,267,857	2,938,096	329,761	372,781
Industrial malls	2,806,046	2,806,046	-	-
	8,711,620	5,813,077	2,898,543	372,781
Asset under construction			2,789,050	-
Land, buildings and equipment held for resale or under lease purchase options			2,241,508	1,747,711
			7,929,101	2,120,492
Less: Allowance for possible losses – land, buildings and equipment held for resale			554,057	598,905
			7,375,044	1,521,587

9. Capital assets

				2002	2001
	Amortization rate %	**Cost $**	**Accumulated amortization $**	**Net $**	**Net $**
F.T.C. Enterprises Limited					
Building	5 SL	2,544,514	1,568,736	975,778	1,083,449
Pilot plant and laboratory equipment	10 – 20 SL	1,780,040	1,447,895	332,145	208,068
Laboratory supplies	50 SL	120,524	120,524	-	-
Computer and audio visual equipment	33 1/3 SL	463,824	443,710	20,114	38,926
Office furniture and equipment	20 SL	172,282	154,150	18,132	14,686
		5,081,184	3,735,015	1,346,169	1,345,129
Souris Food Park Development Corporation					
Land		242,898	-	242,898	242,898
Land improvements	8 SL	2,511,881	1,004,754	1,507,127	1,708,078
Waste treatment – soft costs	8 SL	91,764	29,362	62,402	69,742
– equipment	20 SL	2,909,310	2,327,448	581,862	1,163,724
Soft costs	8 SL	1,934,724	773,891	1,160,833	1,315,612
Equipment	20 SL	145,517	145,517	-	29,103
		7,836,094	4,280,972	3,555,122	4,529,157
Gateway Village Development Inc.					
Land		1	-	1	1
Building – Phase I	5 SL	3,095,313	748,034	2,347,279	2,502,044
– Phase II	5 SL	1,656,309	331,261	1,325,048	1,407,863
Land improvements – Phase I	10 SL	816,743	394,760	421,983	503,657
– Phase II	10 SL	357,244	142,285	214,959	250,683
Interpretative Centre	20 SL	1,078,080	1,038,808	39,272	254,888
Retail fixtures – Phase I	20 SL	78,794	73,074	5,720	20,344
– Phase II	20 SL	95,970	74,414	21,556	40,750
Signage	20 SL	12,798	7,679	5,119	7,679
		7,191,252	2,810,315	4,380,937	4,987,909
Environmental Industrial Services Inc.					
Property for development – land		929,085	-	929,085	929,085
Soft costs		86,307	-	86,307	86,307
		1,015,392	-	1,015,392	1,015,392
Technology Prince Edward Island Inc.					
Land		1,194,453	-	1,194,453	-
Computer hardware and software		9,592	-	9,592	9,274
Building under construction		9,716,734	-	9,716,734	-
Building soft costs		655,208	-	655,208	574,626
		11,575,987	-	11,575,987	583,900
		32,699,909	10,826,302	21,873,607	12,461,487

SL – straight line

10. Funds held in trust

Under the terms of an agreement between Corporate Services Ltd., Prince Edward Island Government Economic Development Fund (No. II) Inc., (Island Fund II), Prince Edward Island Government Economic Development Fund (No. III) Inc., (Island Fund III), Prince Edward Island Government Economic Development Fund (No. IV) Inc., (Island Fund IV), and Prince Edward Island Government Economic Development Fund (No. V) Inc., (Island Fund V), Corporate Services Ltd. is to act as the Escrow Agent for investors of a $30,000,000 venture capital fund offering for each of the funds, except for Island Fund IV which has a $35,000,000 venture capital fund offering.

Corporate Services Ltd. receives the subscription forms from potential investors and holds the funds in trust until the commencement date. The commencement date is to be established within 100 days of receipt of twelve subscriptions. On the commencement date, the Escrow Agent shall:

- Advance to Island Fund II, Island Fund III, Island Fund IV or Island Fund V
  - 70% of subscription proceeds to be reinvested; and
  - 10% of subscription proceeds to be used to cover offering and operating costs;

  Interest earned on the account while the funds are in escrow is the property of the specific fund.
- Establish a repayment account to retain on deposit the remaining 20% of the subscription proceeds to be invested in liquid, low-risk investment account, for the purpose of refunding rejected investors. Interest earned on the repayment account accrue to the benefit of the specific project, Island Investment Development Inc., or Island Fund IV or V as applicable, and not Corporate Services Ltd.

11. Net investment in leases

The net investment in leases represents the minimum lease payments over the term of the lease plus purchase options receivable. The net investment in leases consists of the following:

Environmental Industrial Services Inc.

Environmental Industrial Services Inc. has entered into agreements to lease its three properties on terms that require these leases to be accounted for as capital leases. In accounting for the capital leases, the capital assets and related deferred credits have been removed and the lease payments receivable recorded as net investment in leases. The net investment in leases consists of the following:

- McCain Foods Limited – 10 year lease term for the period from February 20, 1991 to December 31, 2000, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $20.
- Cavendish Farms – 8-year lease term for the period from January 1, 1994 to December 31, 2001, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $10.
  Both leases have the option to be extended an additional 10 years at the expiration of the lease term at the option of the lessee.
- Small Fry – 9-year lease term for the period from December 22, 1996 to December 31, 2005, with the lessee paying all operating costs, an annual lease payment of nil and a purchase option of $7,260.

Souris Food Park Development Corporation

Souris Food Park Development Corporation has entered an agreement to lease its property on terms that require the lease to be accounted for as capital leases. When the company entered into the capital lease for capital property that it owned, the capital assets and related deferred credits were removed and the company recorded a net investment in lease.

The net investment in lease represents the minimum lease payments over the term of the lease plus purchase options receivable. The net investment in lease consists of the following:

- AgraWest Investments Ltd. – 5-year lease term for the period from June 16, 1997 to June 15, 2002, $5 per year with a purchase option of $1,000,000.

12. Notes payable and long-term debt

	2002 $	2001 $
Notes payable – short-term promissory notes	2,600,000	7,082,500
– long-term promissory notes	19,409,456	12,207,587
5.65% Bank of Nova Scotia loan, payable $18,106 monthly including principal and interest, maturing March 20, 2007	2,600,000	-
ACOA non-interest bearing loan due February 1, 2006, repayable in annual instalments of $180,000 February 1, 2002 through 2006	720,000	900,000
	25,329,456	20,190,087
Less: Current portion	5,246,666	9,188,131
	20,082,790	11,001,956

Short-term promissory notes are issued to the Province of Prince Edward Island with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

The notes payable – long-term are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 5.53% to 8.50%.

The notes payable and long-term debt are unsecured.

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as follows:

	$
Year ending March 31, 2003	5,246,666
2004	2,815,333
2005	2,995,912
2006	3,189,265
2007	2,086,636

13. Deferred credits

			2002	2001
	Cost $	Accumulated amortization $	Net $	Net $
F.T.C. Enterprises Limited				
Building	2,368,875	1,484,757	884,118	983,007
Pilot plant and laboratory equipment	1,371,699	1,086,919	284,780	-
Computer and audio visual equipment	68,342	48,228	20,114	-
Office furniture and equipment	67,886	56,707	11,179	-
	3,876,802	2,676,611	1,200,191	983,007
Souris Food Park Development Corporation				
Federal	7,212,126	3,939,916	3,272,210	4,168,685
Provincial	623,973	341,061	282,912	360,472
	7,836,099	4,280,977	3,555,122	4,529,157
Gateway Village Development Inc.				
Building – Phase I	3,095,313	748,036	2,347,277	2,502,043
Land improvements	816,743	394,758	421,985	503,659
Interpretative Centre	1,072,001	1,036,267	35,734	250,134
Retail fixtures	73,735	71,277	2,458	17,205
	5,057,792	2,250,338	2,807,454	3,273,041
Environmental Industrial Services Inc.				
Capital lease – construction in progress	4,025,175	-	4,025,175	2,500,000
Technology Prince Edward Island Inc.				
Building – under construction	5,200,000	-	5,200,000	725,000
	25,995,868	9,207,926	16,787,942	12,010,205

14. Contingent liabilities

a) As of March 31, 2002, Prince Edward Island Business Development Inc. was contingently liable under loan guarantees in the amount of $16,845,573 (2001 – $20,863,951) for which Prince Edward Island Business Development Inc. has included $1,825,000 (2001 – $4,362,000) in its allowance for possible losses. This portion of the allowance for possible losses is recorded as an account payable. Included in the guarantees is a guarantee of an operating line of credit in the amount of $763,674 (2001 - $2,001,055) of a subsidiary, Island Product Holdings Inc.

b) F.T.C. Enterprises Limited has guaranteed loans totalling $25,000 of one of the private corporations in which it has invested.

c) A letter of claim has been filed against F.T.C. Enterprises Limited seeking unspecified damages. Management believes the claim is completely without foundation, and that the liability, if any, is unlikely at this time, and accordingly, no provision has been recorded in the accounts for future possible losses.

15. Commitments

a) F.T.C. Enterprises Limited has entered into a twenty-five year lease expiring November 2013 with the University of Prince Edward Island for the land upon which the corporation constructed its facilities. The lease cost is $1 per year and is renewable for a further term of twenty-five years for the same annual consideration.

b) Under the terms of a construction contract, Atlantic Technology Centre Inc., a subsidiary of Technology Prince Edward Island Inc. has a commitment to complete the construction of the Atlantic Technology Centre "smart facility" in the 2003 fiscal year. The total of the contract is $16,752,534 of which $8,739,823 has been completed at March 31, 2002.

c) During the year, Atlantic Technology Centre Inc., entered into a credit agreement with a commercial lender to obtain a mortgage of $12.1 million to be drawn down August 30, 2002. The mortgage is to bear interest at 6.62% and will be due August 30, 2017, repayable in monthly instalments of $40,333 plus interest. The mortgage will be guaranteed by the Province of Prince Edward Island.

16. Operating agreements

Environmental Industrial Services Inc. has agreements with McCain Foods Limited, Irving Pulp & Paper Limited and Small Fry Snack Foods Inc. to operate wastewater treatment facilities to extend to December 2000, 2001 and 2005, respectively, and stipulate that the companies shall pay Environmental Industrial Services Inc. a user fee equal to the operating costs of the facilities excluding interest and amortization charges. The companies pay these operating costs directly and accordingly a user fee has not been charged by Environmental Industrial Services Inc.

Environmental Industrial Services Inc. is responsible for operating the Brudenell and Crowbush Water and Sewer Utilities on behalf of the Province of Prince Edward Island. Environmental Industrial Services Inc. pays the operating costs of the Utility and recovers these costs from the users of the utility on a pro-rata basis based on usage.

During the year, the company recovered $6,737 (2001 – $5,071) in costs from related parties, Tourism PEI and Golf Links Prince Edward Island Inc. Tourism PEI is a provincial Crown corporation and Golf Links Prince Edward Island Inc. is a subsidiary of Tourism PEI.

17. Related party transactions

Balance sheet

Accounts receivable
Included in accounts receivable is $503,736 (2001 – $561,812) due from the Province of Prince Edward Island, $22,256 (2001 – $23,069) due from ISA Inc., a provincial Crown corporation and $105,111 (2001 - $126,901) due from related companies.

Funds held in trust
The funds held in trust are due to Island Investment Development Inc., a provincial Crown corporation.

Accounts payable
Included in accounts payable and accrued liabilities is $20,840 (2001 – $4,795) payable to Province of Prince Edward Island, $2,162,391 (2001 – $1,603,477) due to Island Investment Development Inc., a provincial Crown corporation, and nil (2001 – $50,984) payable to P.E.I. Lending Agency, a provincial Crown corporation.

Capital assets
The Province of P.E.I. transferred land to Gateway Village Development Inc. in 1997. In accordance with the terms of the transfer, the exchange and carrying amounts of the land was established as $1.

The Department of Public Works of the Province of Prince Edward Island conveys land to the company periodically to be granted to developers under various programs. The exchange and carrying amounts of land when transferred into the company is nil.

Deferred credits
During the year, Technology Prince Edward Island Inc. received, by way of grants from Prince Edward Island Business Development Inc., and paid by way of a grant to its wholly-owned subsidiary, Atlantic Technology Centre Inc., $275,000 (2001 – $725,000) from the Province of Prince Edward Island in special project funding for the acquisition of capital assets. These grants have been recorded as deferred credits in the consolidated financial statements. These amounts have not been eliminated on consolidation.

During the year, Environmental Industrial Services Inc. received grants of $735,363 (2001 – nil) and F.T.C. Enterprises Limited received grants of $164,512 (2001 – $204,167) from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as deferred credits and included in program expenditures for the year. These amounts have not been eliminated on consolidation.

During the year, Environmental Industrial Services Inc. received a grant of $279,812 (2001 – nil) from the Province of Prince Edward Island to fund the acquisition of assets under capital lease. This amount has been recorded as deferred credits.

Contributed surplus

Gateway Village Development Inc. and F.T.C. Enterprises Limited have received $1,786,248 in funds from the Province of Prince Edward Island through Prince Edward Island Business Development Inc. that have been accounted for as contributed surplus. This contribution has not been eliminated on consolidation.

Statement of revenue and expenditures

Revenue

Included in grant revenue is a grant of $120,000 (2001 – $120,700) paid to Solanum – PEI, A Canadian Potato Systems Company Inc. from the Province of Prince Edward Island.

Included in project recoveries revenue is a grant of $9,500 (2001 – nil) paid to F.T.C. Enterprises Limited from the Province of Prince Edward Island.

Management fees

During the year, management fees of $150,000 (2001 – $150,000) were received from Island Investment Development Inc. and recorded as a reduction in administration expenditures. In addition, management fees of $30,816 (2001 – $23,069) were received from Innovative Solutions Agency (P.E.I.) Inc., a provincial Crown corporation, of which $22,256 (2001 – $23,069) has been recorded as a reduction in corporate management expenditures and $8,560 (2001 – nil) has been recorded as a reduction in administrative expenditures.

During the year, management fees of $12,000 (2001 – $13,500) were received from Prince Edward Island Energy Corporation, a provincial Crown corporation, and have been recorded as a reduction of administrative expenditures (2001 – corporate management).

Interest expense

Included in expenditures is $1,126,597 (2001 – $1,137,041) in interest paid to Province of Prince Edward Island.

Other

The corporation provides office premises to a Crown Corporation of the Province of Prince Edward Island, Tourism PEI, for nil consideration.

During the year, Tourism PEI provided management services to Corporate Services Ltd. for consideration of $5,100 (2001 – $5,950).

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

18. Comparative figures

Certain comparative figures presented for the 2001 fiscal year have been restated to conform with the financial statement presentation adopted for the current year.

Prince Edward Island Business Development Inc.

Schedule of Retail Operations

For the year ended March 31, 2002 **Schedule**

	2002 $	2001 $
Revenue		
Sales – Island Store	502,306	495,626
– Consignment sales – net	5,120	6,678
	507,426	502,304
Cost of goods sold		
Island Store	258,551	253,882
Gross margin	248,875	248,422
Expenditures		
Office supplies	2,103	1,093
Electricity, fuel, common area	2,814	2,874
Bank charges and interest	7,078	6,791
Cash overage	(1,163)	(957)
Telecommunications	1,907	2,031
Packaging	6,728	3,511
Advertising and promotion	1,632	1,442
Salaries and benefits	68,392	65,291
Travel and training	3,948	5,113
Dues and fees	779	725
Product development	250	510
Maintenance and cleaning	1,718	1,628
	96,186	90,052

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

Honourable Patricia J. Mella
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Civil Service Superannuation Fund as at March 31, 2002 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Provincial Treasurer. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
November 7, 2002

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Cash	$ 510,746	$ 577,893
Receivables		
Contributions receivable - employees	502,019	291,658
Contributions receivable - employers	619,559	727,233
Other	27,652	-
	1,659,976	1,596,784
Investments (Notes 2b and 3)	435,294,296	390,551,887
Total assets	$436,954,272	$392,148,671
LIABILITIES		
Accounts payable	$ 860,923	$ 503,825
NET ASSETS AVAILABLE FOR BENEFITS	$436,093,349	$391,644,846

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
INCREASE IN ASSETS		
Investment income		
Interest	$ 9,936,129	$ 10,229,525
Dividends	5,214,006	7,310,682
	15,150,135	17,540,207
Market value increase (decrease)	14,930,368	(6,281,258)
Contributions (Note 5)		
Employees' contributions	8,596,212	8,081,918
Employers' contributions	8,596,212	8,081,918
Transfers from other plans	10,144,066	2,540,487
Refund repayments	82,525	197,017
Purchased service	529,777	313,831
Government contribution toward unfunded liability (Note 5)	5,926,605	5,926,605
	33,875,397	25,141,776
Total increase in assets	63,955,900	36,400,725
DECREASE IN ASSETS		
Administrative expenses	1,324,367	1,339,920
Benefits paid	17,237,163	15,773,982
Refunds	453,217	204,701
Transfers	221,304	1,428,526
Marriage breakdown	271,346	-
Total decrease in assets	19,507,397	18,747,129
INCREASE IN NET ASSETS	44,448,503	17,653,596
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	391,644,846	373,991,250
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$436,093,349	$391,644,846

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Plan

The following description of the Civil Service Superannuation Plan is a summary only. For more complete information, reference should be made to the Civil Service Superannuation Act.

a) General
The Plan is a contributory defined benefit plan covering permanent, probationary, provisional and executive employees as defined in the Civil Service Act. In addition, the plan covers employees receiving disability payments under the Employees Long Term Disability Plan. Under the Plan, employees and the employer make equal contributions amounting to 6.95% on that part of salary on which Canada Pension Plan contributions are made and 8.75% on salary when Canada Pension Plan contributions are not required.

b) Pensions
Pensions payable are based on the number of years of service times 2% of the best three years' average salary. Eligibility is subject to age and years of service criteria.

c) Survivors' Pensions
A survivor pension is paid to a spouse and allowances are provided to dependent children of a member who has at least five years of service.

d) Death Refunds
A death refund is payable to the personal representative of an employee where the total of payments to survivors are less than the employee's contributions.

e) Withdrawal Refunds
Upon application, withdrawal refunds of the employee contributions are payable when a member ceases to be employed in the Civil Service.

f) Transfers
Reciprocal transfer arrangements with other pension plans provide for the transfer of contributions and periods of service.

g) Marriage Breakdowns
Upon application, the pension benefits to which a person is entitled may be divided between the person and the spouse or former spouse.

h) Income Taxes
The plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income tax.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

2. Summary of Significant Accounting Policies

a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual plan members.

b) Investments are stated at market value, with the exception of Real Estate Investments which are valued at cost, as reported by the custodian of the Province of Prince Edward Island Master Trust as of March 31, 2002.

3. Investments

Investments as of March 31, 2002 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$421,067,581
Investment in short term fund	13,926,600
Cash held for investment	300,115
	$435,294,296

In April 1994, the investments of the Civil Service Superannuation Fund, MLA Pension Fund, and the Teachers' Superannuation Fund were consolidated into the Province of Prince Edward Island Master Trust. The Pension Plan for the Members of the Legislative Assembly became a participant in the Master Trust in February 1995. Units are held by each of these funds in the Master Trust. As of March 31, 2002 there were 635,347.720 units held in the Province of Prince Edward Island Master Trust, of which Civil Service Superannuation Fund held the following:

Units held	372,496.841
Market value per unit	$ 1,130.39
Total market value held	$421,067,581

Investments of the Province of Prince Edward Island Master Trust are as follows:

Canadian T-Bills	$ 64,932,933
Other liquid assets (liabilities)	(24,841,060)
Bonds, debentures and notes	245,551,644
Canadian equity securities	314,254,880
Foreign equity securities	108,113,410
Accrued income receivable	4,541,636
Real estate	5,638,763
Total	$718,192,206

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

3. Investments continued ...

The investments of $718,192,206 include amounts which the five Master Trust Fund managers have invested in their own pooled funds. The March 31, 2002 market values of these investments are as follows:

Sceptre Investment Counsel Limited	$ 60,566,303
Beutel Goodman & Company Ltd.	29,619,470
McLean Budden Limited	22,096,935
Northwater Capital Management Inc.	40,453,955
Templeton Management Limited	44,086,483
Total	$196,823,146

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. An actuarial valuation was done as of April 1, 1999 by Morneau Sobeco. The actuarial present values of benefits as at April 1, 1999 and the principal components of change from the previous actuarial valuation as at April 1, 1996 were as follows:

Actuarial present value of accrued pension benefits - April 1, 1996	$292,126,000
Liability adjustments (data corrections)	9,071,000
Actuarial present value of accrued pension benefits - April 1, 1996 (after adjustments)	$301,197,000
Interest on actuarial present value of accrued pension benefits	78,430,000
Actuarial present value of benefits accrued in the intervaluation period	31,725,000
Interest on present value of benefits accrued in the intervaluation period	3,978,000
Benefits paid	(44,000,000)
Interest on benefits paid	(5,527,000)
Gain re changes in actuarial assumptions	475,000
Net experience loss	1,296,000
Actuarial present value of accrued pension benefits at April 1, 1999	$367,574,000

The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Basic salary escalation rate (excluding promotional increases)	4.0% per annum
Pension cost of living increases	3.25% per annum

The actuarial net asset value used in the valuation was $328,023,000.

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

5. Funding Policy

In accordance with the Civil Service Superannuation Act, employees are required to contribute as described in Note 1(a). The employer matches employee contributions to the Fund. Under Section 5 of the Civil Service Superannuation Act, payments out of the Fund are guaranteed by the Province of Prince Edward Island. The most recent actuarial valuation prepared by Morneau Sobeco disclosed an unfunded liability as at April 1, 1999 of $39,551,000. The unfunded liability amount of $39,551,000 does not include an allowance for the present value of the future contributions noted below. The present value of remaining special contributions required by the Civil Service Superannuation Act as at April 1, 1999 is $28,558,000. If this present value had been considered for the actuarial valuation balance sheet, the unfunded liability would be $11,001,000.

As of March 31, 2002, the estimated unfunded liability of the Fund for accounting purposes is $10,151,000. This estimate does not include an allowance for the present value of the remaining special contributions. If the present value of the remaining special payments had been considered, as of March 31, 2002, the fund would have an estimated surplus of $5,866,000.

The March 31, 2002 estimate is based on different economic assumptions than the April 1, 1999 valuation. The long term assumptions used in the March 31, 2002 estimate are as follows:

Asset rate of return	7.9% per annum
Basic salary escalation rate (excluding promotional increases)	3.0% per annum
Pension cost of living increases	2.4% per annum

For the purpose of reducing the unfunded liability of the Fund, an amendment to the Civil Service Superannuation Act requires the Lieutenant Governor-in-Council to pay $63.35 million into the Fund in accordance with the following schedule:

April 1, 1995	$11.6 million
April 1, 1996	5.75 million
March 31, 1998*	5.75 million
April 1, 1998	5.75 million
April 1, 1999	5.75 million
April 1, 2000	5.75 million
April 1, 2001	5.75 million
April 1, 2002	5.75 million
April 1, 2003	5.75 million
April 1, 2004	5.75 million

PROVINCE OF PRINCE EDWARD ISLAND

CIVIL SERVICE SUPERANNUATION FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

5. Funding Policy continued...

* An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-98 fiscal year that is deferred to March 31, 1998, shall be paid in seven equal installments commencing on April 1, 1998.

PRINCE EDWARD ISLAND

CROWN BUILDING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Crown Building Corporation

I have audited the non-consolidated balance sheet of the Prince Edward Island Crown Building Corporation as at March 31, 2002 and the non-consolidated statement of operations and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
April 8, 2002

STATEMENT 1

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Account receivable - Province of P.E.I.	$ 43	$ 43
Capital assets - Note 2	271,340	271,340
Investment in veterinary clinic - Note 1(b)	7,545	7,545
TOTAL ASSETS	$278,928	$278,928
SURPLUS		
SURPLUS - STATEMENT 2	$278,928	$278,928

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

STATEMENT 2

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

STATEMENT OF OPERATIONS AND SURPLUS

YEAR ENDED MARCH 31, 2002

	2002	2001
PROVINCIAL APPROPRIATION	$ -	$ -
EXPENSES		
Bank charges	-	26
Veterinary clinic loss - Note 1(b)	-	74
	-	100
NET INCOME (LOSS)	-	(100)
SURPLUS - beginning of year	278,928	279,028
SURPLUS - end of year	$278,928	$278,928

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND CROWN BUILDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. **Accounting Policies**

(a) The statement of operations and surplus is on a net lease basis. The Corporation owns the Shaw and Sullivan Buildings which house various government departments. Rent is not charged for space occupied. Maintenance and operating costs are the Province's responsibility.

(b) The Corporation purchased the shares of the Charlottetown Veterinary Clinic (1981) Ltd. and C.V.C. Management Inc. in October 1987. Most of the assets of the Charlottetown Veterinary Clinic (1981) Ltd. were sold at net book value to four former employees on May 30, 1997, and on this date business operations were assumed by the new owners. The company name was changed to 100099 P.E.I. Inc. on July 18, 1997, which was the closing date for the sale. Separate combined financial statements are issued for 100099 P.E.I. Inc. and C.V.C. Management Inc.

2. **Capital assets consist of the following:**

Land		$271,340
Buildings and equipment		
Cost	$6,116,139	
Less: Accumulated amortization	6,116,139	-
		$271,340

Consolidated Financial Statements of

PRINCE EDWARD ISLAND ENERGY CORPORATION

Year ended March 31, 2002

AUDITORS' REPORT

To the Directors of
Prince Edward Island Energy Corporation

We have audited the consolidated balance sheet of Prince Edward Island Energy Corporation as at March 31, 2002 and the consolidated statements of surplus, earnings - operating and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Charlottetown, P.E.I.
May 23, 2002

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Balance Sheet

March 31, 2002, with comparative figures for 2001

	2002	2001
ASSETS		
Current assets:		
Cash	$ 568,970	85,843
Accounts receivable	891,637	253,924
Holdbacks receivable	21,620	36,175
Prepaid expenses	2,496	2,172
Work in progress	6,389	3,148
Restricted cash	8,901	8,777
Deposit and engineering costs - Wind Farm	-	1,226,684
	1,500,013	1,616,723
Capital assets (note 2)	8,719,170	-
	$10,219,183	1,616,723
LIABILITIES AND SURPLUS		
Current liabilities:		
Bank indebtedness	$ -	1,200,000
Accounts payable and accrued liabilities	207,345	198,061
Royalties payable (note 3)	126,650	64,936
Deferred revenue - projects	79,531	51,708
Current portion of long-term debt	388,671	-
-	802,197	1,514,705
Long-term debt (note 4)	8,816,783	-
Reserve for equipment	99,148	68,337
Surplus (note 5)	501,055	33,681
Contingency (note 5)		
	$10,219,183	1,616,723

See accompanying notes to consolidated financial statements

On Behalf of the Board:

______________________ Director ______________________ Director

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Surplus

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Surplus (deficit), beginning of year	$ 33,681	(25,352)
Earnings - operating for the year (page 3)	467,374	59,033
	501,055	33,681
Contribution to Province of Prince Edward Island	-	-
Surplus, end of year	$ 501,055	33,681

See accompanying notes to consolidated financial statements

PRINCE EDWARD ISLAND ENERGY CORPORATION

Consolidated Statement of Earnings - Operating

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenues:		
Grants - Province of Prince Edward Island	$ 312,900	299,500
- Government of Canada	232,608	236,006
Wind Farm	1,027,013	-
	1,572,521	535,506
Expenses:		
Advertising	128	587
Audit	7,433	5,508
Consulting fees	67,746	48,326
Heat and lights	7,809	8,304
Insurance	5,472	4,819
Interest and bank charges	12,596	1,123
Lightning strike	1,362	-
Materials and supplies	9,554	3,106
Miscellaneous	5,485	4,947
Office and computer equipment	8,501	12,022
Office supplies	7,254	5,960
Operations and maintenance	675	6,894
Professional fees	12,166	18,442
Telephone	7,744	6,958
Travel	22,221	20,749
Vehicle allowance	7,698	6,785
Wages and levies	364,561	336,919
Wind Farm	578,087	-
Wenvor Vergnet 2002	12,688	-
	1,139,180	491,449
Earnings before the undernoted	433,341	44,057
Earnings - projects	29,721	13,274
Other income (note 6)	4,312	1,702
Net earnings	$ 467,374	59,033

See accompanying notes to consolidated financial statements

PRINCE EDWARD ISLAND ENERGY CORPORATION
Consolidated Statement of Cash Flows

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Cash flows from operating activities:		
Cash receipts from customers	$ 1,459,718	732,645
Cash paid to suppliers and employees	(1,075,871)	(598,124)
Interest received	4,312	1,702
Interest paid	(263,169)	(3,332)
	124,990	132,891
Cash flows from investing activities:		
Decrease (increase) in deposit and engineering costs - Wind Farm	1,226,684	(1,226,684)
Purchase of capital assets	(8,904,686)	-
	(7,678,002)	(1,226,684)
Cash flows from financing activities:		
Repayments on long-term borrowings	(154,547)	-
Proceeds from long-term borrowings	9,360,000	-
Increase in reserve for equipment	30,810	-
	9,236,263	-
Net increase (decrease) in cash	1,683,251	(1,093,793)
Cash, beginning of year	(1,105,380)	(11,587)
Cash, end of year	$ 577,871	(1,105,380)
Represented by:		
Cash	$ 568,970	85,843
Restricted cash	8,901	8,777
Bank indebtedness	-	(1,200,000)
	$ 577,871	(1,105,380)

See accompanying notes to consolidated financial statements

Prince Edward Island Energy Corporation is a Crown corporation established by the Energy Corporations Act. The company's principal business activities include the development and promotion of energy systems.

1. Significant accounting policies:

(a) Basis of presentation:

The consolidated financial statements include the accounts of the corporation's 100% owned subsidiary, The Atlantic Wind Test Site Inc.

(b) Work in progress:

Work in progress is stated at the lower of cost and net realizable value.

(c) Capital assets:

Capital assets related to the North Cape Wind Generating Plant are recorded at cost. Office furniture and equipment and computer equipment are fully expensed in the year of acquisition.

Depreciation is provided using the straight-line method at the following annual rate:

Asset	Rate
Wind Farm	20 years

(d) Financial instruments:

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(e) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Capital assets:

	Cost	Accumulated depreciation	2002 Net book value
Wind Farm	$ 8,904,685	$ 185,515	$ 8,719,170
	$ 8,904,685	$ 185,515	$ 8,719,170

3. Royalties payable:

Royalties payable represents amounts due to Natural Resources Canada in accordance with the provisions of a licensing agreement which came into effect April 1, 1995. Royalties requirements are based on consulting fees and other revenues earned by the company from contracts with third parties.

4. Long-term debt:

	2002
Bank of Montreal, 6.6%, payable in equal monthly payments of principal and interest of $ 82,051., due October 2016, secured by signed commitment letter and Province of Prince Edward Island Order in Council guaranteeing full amount of loan	$ 9,205,454
Less current portion of long-term debt	388,671
	$ 8,816,783

The aggregate maturities of long-term debt for each of the five years subsequent to March 31, 2002 are as follows: 2003 - $ 388,671.; 2004 - $ 415,113.; 2005 - $ 443,355.; 2006 - $ 473,517.; and 2007 - $ 505,733.

5. Contingency:

The Atlantic Wind Test Site Inc. receives cost-shared funding under an operating agreement with Natural Resources Canada. This agreement includes provisions which require the pro-rata repayment of any surplus in the event that activities of the Test Site are terminated. The company has a surplus as of March 31, 2002 of $ 10,640.

6. Other income:

	2002	2001
Interest	$4,312	1,702
	$4,312	1,702

7. Capitalized interest:

Interest in the amount of $ 97,445. directly relating to the Wind Farm was capitalized during the construction period.

8. Off-balance sheet financial instruments:

To manage its current and anticipated exposure to interest rate risks, the Corporation has entered into an interest rate swap contract whereby it has fixed the interest rate on a total of $ 9,630,000. of notional principal against the floating interest position assumed by the Bank of Montreal. The swap contract has an effective interest rate of 6.6% and will mature in October 2016.

9. Comparative numbers:

Prior period numbers presented for comparative purposes have been restated to conform with the 2002 financial statement presentation.

PRINCE EDWARD ISLAND

GRAIN ELEVATORS CORPORATION

FINANCIAL STATEMENTS

JULY 31, 2001

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Grain Elevators Corporation

I have audited the balance sheet of the Prince Edward Island Grain Elevators Corporation as at July 31, 2001 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at July 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
November 28, 2001

STATEMENT 1

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
BALANCE SHEET
AS AT JULY 31, 2001

ASSETS

	2001	2000
CURRENT ASSETS		
Accounts Receivable - General - Notes 1(b) and 2	$ 734,536	$ 511,887
Accounts Receivable - Province of PEI	62,995	275,473
Short-term Investments	66,755	65,524
Inventory of Grain - Corporation - Note 1(c)	216,146	232,599
Sundry Inventory	2,526	2,472
Prepaid Expenses	3,239	29,846
	1,086,197	1,117,801
CAPITAL ASSETS		
Equipment - Notes 1(d), 1(e) and 3	74,144	69,234
	$1,160,341	$1,187,035

LIABILITIES AND EQUITY

	2001	2000
CURRENT LIABILITIES		
Bank Overdraft	$ 233,843	$ 486,385
Accounts Payable - General	213,418	82,558
Accounts Payable - Province of PEI	16,524	32,112
Deferred Revenue	20,644	96,850
Final Payment to be Distributed to Producers	309,739	146,130
	794,168	844,035
EQUITY		
Retained Earnings - Statement 2	23,173	-
Contributed Surplus - Province of PEI	343,000	343,000
	366,173	343,000
	$1,160,341	$1,187,035

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE BOARD:

DIRECTOR: ______________________

DIRECTOR: Brenton Gardiner

STATEMENT 2

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 2001

	2001	2000
REVENUES:		
Sales	$4,371,115	$2,977,598
Profit on Inter-Related Sales - Note 5	604,156	541,757
Other Income - Note 4	440,576	285,284
Provincial Grant - Operating	35,000	105,000
- Capital	146,187	66,362
- Other	-	1,333
	5,597,034	3,977,334
EXPENSES:		
Cost of Non-Pool Inventory Sold	1,472,559	1,234,382
Amortization	35,640	30,618
Bad Debts	4,116	17,619
Board Expense	34,185	31,779
Capital Repairs	146,187	66,362
General and Other	86,080	70,463
Insurance	12,430	13,239
Interest - Short Term	105,678	80,806
Repairs and Maintenance	107,215	62,869
Salaries and Benefits	549,355	507,999
Utilities	205,907	137,419
	2,759,352	2,253,555
NET RESULTS BEFORE DISTRIBUTION	2,837,682	1,723,779
DISTRIBUTION TO PARTICIPANTS - Note 6	2,814,509	1,875,007
NET INCOME (LOSS) ON OPERATIONS	23,173	(151,228)
PROVINCIAL APPROPRIATION FOR LOSSES	-	151,228
NET INCOME FOR THE PERIOD	23,173	-
RETAINED EARNINGS BEGINNING OF YEAR	-	-
RETAINED EARNINGS END OF YEAR	$ 23,173	$ -

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2001

	2001	2000
Cash provided by (used for)		
OPERATING ACTIVITIES		
Net Income for the year	$ 23,173	$ -
Amount charged against income not requiring an outlay of cash:		
Amortization	35,640	30,618
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(10,172)	328,654
(Increase) decrease in inventory	16,399	(15,160)
(Increase) decrease in short-term investments	(1,232)	(2,557)
(Increase) decrease in prepaid expenses	26,607	(1,368)
Increase (decrease) in accounts payable	130,860	46,252
Increase (decrease) in deferred revenue	(76,206)	30,940
Increase (decrease) in distribution to producers	163,609	60,195
Net cash provided by operating activities	308,678	477,574
FINANCING ACTIVITIES		
Loan repayments to province	(15,588)	(14,092)
INVESTING ACTIVITIES		
Acquisition of capital assets	(40,548)	(10,362)
Decrease in bank overdraft	252,542	453,120
Bank overdraft at beginning of year	(486,385)	(939,505)
Bank overdraft at end of year	$(233,843)	$(486,385)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2001

1. **Summary of Significant Accounting Policies:**

(a) The Corporation operates a pooling program for buying and selling its local grain and protein inventory. During 2000-01 seven pools were in operation consisting of a Barley, Oats, Mixed Grain, Wheat, Corn, Milling Wheat, and Soybean pool. All pools closed on July 31, 2001.

(b) Specific accounts which have been deemed doubtful have been included in the Allowance for Doubtful Accounts. In addition, one percent of the remaining accounts are included in the allowance.

(c) Inventory is valued at cost which is similar to replacement cost.

(d) Asset purchases less than $5,000 are expensed in the period of purchase.

(e) Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

(f) The Province of PEI provides the elevator facilities to the Corporation at a nominal fee of $1.

2. **Accounts Receivable**

	2001	2000
Trade	$621,931	$456,093
Less: Allowance for Doubtful Accounts	14,827	5,831
	607,104	450,262
Special Bin	183,643	99,817
Less: Downpayments Held on Deposit	67,205	48,562
	116,438	51,255
Other	10,994	10,370
	$734,536	$511,887

3. **Capital Assets**

	2001	2000
Equipment (cost)	$410,513	$369,965
Less: Accumulated Amortization	336,369	300,731
	$ 74,144	$ 69,234

PRINCE EDWARD ISLAND GRAIN ELEVATORS CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JULY 31, 2001

4. **Other Income**

	2001	2000
Handling and Drying	$234,570	$139,754
Storage Fees	48,858	36,925
Custom Extruding	31,310	43,296
Miscellaneous	37,080	5,601
Interest Revenue	48,421	34,292
Freight	46,444	32,275
Protein	(6,107)	(6,859)
	$440,576	$285,284

5. Inter-related sales consist of grain sales between the Corporation and the Pools.

Sales:	
Pool Inventory	$604,156
Non-Pool Inventory	86,625
	690,781
Cost of Non-Pool Inventory	86,625
Profit on Inter-Related Sales	$604,156

The payments for pool inventory received from producers are included in the distribution to participants figure in the statement of income and retained earnings.

6. The distribution to participants of pooling operations is as follows:

Initial Payment	$2,457,300
Interim Payment	47,470
Final Payment to be Distributed to Producers	309,739
	$2,814,509

7. Related Party Transactions:

In the current year, five Board members purchased grain from the Corporation at a cost of $44,336 and three Board members sold grain totalling $101,997 to the Corporation. These transactions were entered into in the normal course of business and on the same terms as unrelated parties.

PRINCE EDWARD ISLAND

HOUSING CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

Hon. James W. Ballem
Minister of Health and Social Services
Province of Prince Edward Island

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 2002 and the statements of revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 1 to the financial statements.

Allan Moore

Allan N. Moore, CA
Acting Auditor General

Charlottetown, Prince Edward Island
August 14, 2002

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current assets		
Cash	$ 15,800	$ 18,200
Accounts receivable	187,500	234,200
Deposit receipts	-	85,400
	203,300	337,800
Notes receivable - note 2	10,172,100	10,746,100
Mortgages receivable	306,700	434,200
Investment in properties		
Agreements of sale - note 3	33,200	32,800
Land for resale or development - note 4	418,800	419,300
Federal-Provincial projects - note 5	6,129,800	6,167,200
Rental housing projects - note 6	44,088,500	45,144,300
	50,670,300	51,763,600
TOTAL ASSETS	$61,352,400	$63,281,700
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,770,800	$ 2,303,300
Long-term liabilities		
CMHC - note 7	33,526,200	34,494,500
Province of PEI - note 8	20,010,000	21,425,400
	53,536,200	55,919,900
Reserves		
Co-operative and social housing - note 1(a)	6,200	10,700
Replacement reserve - note 1(a)	77,800	74,800
	84,000	85,500
Equity contributed by the Province of PEI - note 9	4,961,400	4,973,000
TOTAL LIABILITIES AND EQUITY	$61,352,400	$63,281,700

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenue		
Appropriations from the Province of PEI - note 10	$5,364,000	$5,479,400
Expenses		
Amortization	1,079,900	969,900
Interest	3,740,300	4,037,800
Property taxes	165,600	159,400
Loss on disposal of land	-	55,500
Grants issued	378,200	256,800
	5,364,000	5,479,400
Net result	$ -	$ -

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ -	$ -
Amounts charged against income not requiring an outlay of cash:		
- Amortization of fixed assets	1,091,500	980,500
- Amortization charged to contributed surplus	(11,600)	(10,600)
Decrease in accounts receivable	46,700	91,600
Decrease in PDR's	85,400	1,700
Increase (decrease) in accounts payable	467,500	(16,100)
Increase (decrease) in reserve - accounts payable	(1,500)	700
	1,678,000	1,047,800
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in notes receivable	574,000	(139,000)
Decrease in mortgages receivable	127,500	140,400
Decrease (increase) in agreements of sale	(400)	14,300
Proceeds from property transactions	2,200	13,000
Loss on disposal of property	-	55,500
	703,300	84,200
CASH FLOW FROM FINANCING ACTIVITIES		
Cash payments to reduce long-term debt obligations	(2,383,700)	(1,125,300)
Increase (decrease) in cash	(2,400)	6,700
Cash, beginning of year	18,200	11,500
Cash, end of year	$ 15,800	$ 18,200

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. **Significant Accounting Policies:**

   (a) **Trust reserves are set aside for contingencies in co-operative and social housing.**

   Replacement reserves are in place on certain rental properties as required by agreements with CMHC.

   (b) **Amortization on rental properties is equal to the principal reduction in the corresponding long-term indebtedness.**

   (c) **Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investment of the Province of PEI.**

   (d) **Long-term liabilities include the current portions of the long-term debt.**

2. **Notes receivable are comprised of long-term loan funds provided by the Corporation for use by local credit unions in providing real property mortgages in rural areas. The loans are secured by an assignment of book debts and postponement agreements on the mortgage assets of the credit unions.**

	2002	2001
Notes receivable	$ 9,967,400	$10,522,700
Accrued interest	204,700	223,400
	$10,172,100	$10,746,100

3. **Investments in properties under agreements of sale are recorded at cost less tenants' equity.**

	2002	2001
Cost	$ 441,400	$ 434,900
Tenants' equity	(408,200)	(402,100)
	$ 33,200	$ 32,800

4. **Investment in land for resale or development consists of the following:**

	2002	2001
Hillsborough Development		
Developed - at cost	$120,100	$120,100
Undeveloped - at 1986 appraised values	110,500	111,000
Other undeveloped land	188,200	188,200
	$418,800	$419,300

PRINCE EDWARD ISLAND HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

5. Investments in Federal-Provincial projects are recorded at the Housing Corporation's cost less accumulated amortization and consist of the following:

	2002	2001
Family Housing	$2,248,600	$2,248,600
Senior Citizens Housing	3,930,400	3,930,400
Rural and Native Housing	268,800	277,200
	6,447,800	6,456,200
Less: accumulated amortization	318,000	289,000
	$6,129,800	$6,167,200

6. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	2002	2001
Family Housing	$11,809,800	$11,809,800
Senior Citizens Housing	19,131,000	19,131,000
Homes for Special Care	21,371,300	21,371,300
Social Housing	17,900	17,900
	52,330,000	52,330,000
Less: accumulated amortization	8,241,500	7,185,700
	$44,088,500	$45,144,300

7. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	2002	2001
Mortgages payable	$29,257,600	$30,012,400
Debentures payable	4,105,200	4,224,200
Loans payable	163,400	257,900
	$33,526,200	$34,494,500

The above amounts include approximately 100 individual balances at varying interest rates and maturity dates.

8. Long-term liabilities to the Province of PEI are made up of approximately 60 loans having varying interest rates and maturity dates.

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

9. Equity Contributed by the Province of PEI

	2002	2001
Additions for the year - Manors	$ 4,100	$ 3,600
Deductions for the year:		
Senior Citizens Housing	6,800	6,100
Family Housing	8,900	8,100
	15,700	14,200
Net deductions for the year	11,600	10,600
Balance, beginning of year	4,973,000	4,983,600
Balance, end of year	$4,961,400	$4,973,000

10. Provincial Appropriations

The appropriations from the Province of PEI represent amounts provided for program expenditures incurred directly by the Housing Corporation and do not relate to expenditures on activities administered by the Regional Health Authorities on the Corporation's behalf. Separate appropriations are provided for these Regional programs that are reported in their financial statements. The various revenues earned on Housing Corporation activities are reported in the Province's Public Accounts.

PRINCE EDWARD ISLAND

HUMAN RIGHTS COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Human Rights Commission

I have audited the balance sheet of the Prince Edward Island Human Rights Commission as at March 31, 2002 and the statements of revenue, expenditure, and equity and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
April 19, 2002

STATEMENT 1

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current Assets		
Cash	$20,252	$ 3,640
Accounts receivable	383	1,623
Prepaids	2,873	10,596
	$23,508	$15,859
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	$19,860	$ 2,586
Surplus - Statement 2	3,648	13,273
	$23,508	$15,859

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ____________________

COMMISSIONER: ____________________

STATEMENT 2

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF REVENUE, EXPENDITURE, AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenue		
Province of P.E.I. - Grant	$306,200	$306,200
Miscellaneous	-	500
	306,200	306,700
Expenditures		
Bank charges	28	36
CASHRA conference - Note 6	10,272	7,532
Cleaning	3,460	2,874
Commissioners' honoraria and expenses	26,228	15,857
Furniture and equipment	4,239	5,780
Memberships and conferences	12,074	10,152
Miscellaneous	1,646	3,024
Office materials and supplies	4,593	3,921
Photocopying	3,458	9,620
Rent	17,500	17,500
Salaries and benefits	219,108	202,277
Snow removal	1,150	1,645
Staff travel	7,160	9,077
Telephone	4,909	5,262
	315,825	294,557
Net income (loss) for the year	(9,625)	12,143
Surplus at beginning of year	13,273	1,130
Surplus at end of year	$ 3,648	$ 13,273

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Province of PEI for operations	$306,200	$306,200
Cash received from other sources for operations	-	500
Cash paid for salaries and benefits	(219,108)	(202,277)
Cash paid for materials and services	(70,480)	(102,348)
Net increase in cash	16,612	2,075
Cash, beginning of year	3,640	1,565
Cash, end of year	$ 20,252	$ 3,640

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Purpose of the Organization

The P.E.I. Human Rights Commission is a corporate body which is responsible for administering and enforcing the provincial Human Rights Act. The Commission provides education and public information in the field of human rights. The Commission also inquires into and endeavours to effect a settlement of any complaint of a violation of the Human Rights Act filed with the Commission as prescribed by the Act.

2. Significant Accounting Policies

A) Basis of presentation

These statements were prepared in accordance with Canadian generally accepted accounting principles for non-profit organizations, with office equipment, furniture and computer software expensed in the year purchased.

B) Certain 2001 financial statements figures have been restated to conform with the current year's presentation

3. Funds Disbursed In Trust

During the year the Province of Prince Edward Island paid out $Nil (2001 - $30,956) to settle political belief complaints. The entire amount was disbursed through the P.E.I. Human Rights Commission to individual complainants or to legal counsel acting on the complainants' behalf.

4. Provincial Appropriations

Legal fees for the year ended March 31, 2002 totalling $3,136 (2001 - $3,266) were paid on the Commission's behalf by the Province of Prince Edward Island through the Office of the Attorney General. These fees are not included in Statement 2.

5. Lease Commitment

The Commission entered into a five-year operating lease for its office premises, covering the period from April 1, 1999 to March 31, 2004. The lease payments are set at $17,500 per annum for each of the five years.

PRINCE EDWARD ISLAND HUMAN RIGHTS COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

6. CASHRA Conference

The Prince Edward Island Human Rights Commission is hosting a Conference of the Canadian Association of Statutory Human Rights Agencies (CASHRA) May 26 to May 28, 2002. Conference expenses paid by the Commission consisted of the following:

	2002	2001
Management Fees	$ 9,000	$6,000
Meeting Expenses	219	1,112
Office Supplies	215	420
Postage	159	-
Advertising	550	-
Miscellaneous	129	-
	$10,272	$7,532

P.E.I. Lending Agency

Financial Statements
March 31, 2002

ARSENAULTBESTCAMERONELLIS
CHARTERED ACCOUNTANTS

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Prince Edward Place
90 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368-3100
Fax (902) 566-5074

May 3, 2002

Auditors' Report

To the Board of Directors

We have audited the balance sheet of **P.E.I. Lending Agency** as at March 31, 2002 and the statements of earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

ArsenaultBestCameronEllis

Chartered Accountants

An associated firm of PricewaterhouseCoopers LLP

P.E.I. Lending Agency

Balance Sheet

As at March 31, 2002

	2002 $	2001 $
Assets		
Cash	567,566	258,886
Accounts receivable (note 10)	1,343,437	13,284
Due from Province of Prince Edward Island (note 3)	8,189,426	6,402,326
Loans receivable (note 4)	135,397,448	126,404,676
Leased property (note 5)	2,225,241	2,677,866
Property holdings (note 6)	239,816	-
	147,962,934	135,757,038
Liabilities		
Accounts payable and accrued liabilities (note 10)	2,810,984	283,011
Due to Province of Prince Edward Island (note 3)	2,249,698	1,724,567
Notes payable (note 7)	142,074,128	133,023,795
	147,134,810	135,031,373
Contingent liabilities (note 8)		
Surplus		
Retained earnings – Beginning of year	725,665	424,858
Excess revenue for the year	102,459	300,807
Retained earnings – End of year	828,124	725,665
	147,962,934	135,757,038

Approved by the Corporation

____________________________ Director ____________________________ Director

P.E.I. Lending Agency

Statement of Earnings

For the year ended March 31, 2002

	2002		2001
	Budgeted (Unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province	783,900	733,900	786,400
Interest from borrowers (note 10)	10,295,148	10,603,007	9,102,645
Interest from deposits	30,000	37,495	49,260
Agricultural leases	200,004	214,107	318,817
Service fees	60,000	133,824	174,212
Post-receivership income	-	-	36,766
	11,369,052	11,722,333	10,468,100
Expenses			
Office supplies and printing	19,596	26,179	24,162
Telecommunications	15,504	13,216	11,145
Rent and occupancy	107,796	104,150	104,160
Meetings and hosted conferences	3,996	3,063	3,796
Computer equipment	15,000	5,444	9,996
Advertising and promotion	3,000	5,023	6,215
Office equipment rentals	9,504	6,203	5,546
Library and subscriptions	1,200	2,169	2,368
Repairs and maintenance	6,000	16,633	2,360
Miscellaneous	1,500	3,196	3,239
Professional services	67,854	37,904	49,939
Salaries and benefits	825,156	808,870	782,081
Travel	58,104	20,734	26,909
Interest (note 10)	8,361,696	8,317,392	7,410,809
Provision for possible losses	1,924,212	2,249,698	1,724,568
	11,419,848	11,619,874	10,167,293
Excess revenue for the year	(50,796)	102,459	300,807

P.E.I. Lending Agency

Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
Cash provided by (used in)		
Operating activities		
Excess revenue for the year	102,459	300,807
Item not affecting working capital		
Increase in due from Province of Prince Edward Island – allowance for possible losses	(1,787,100)	(1,000,786)
	(1,684,641)	(699,979)
Net change in non-cash working capital items		
– increase in accounts receivable	(1,330,153)	(6,978)
– increase (decrease) in accounts payable and accrued liabilities	2,527,973	(25,704)
– increase in due to Province of Prince Edward Island – current oerations	525,131	95,097
	38,310	(637,564)
Financing activities		
Decrease in leased property (net)	452,625	2,486,124
Increase in loans receivable (net)	(8,992,772)	(39,282,817)
Increase in notes payable	30,319,000	57,359,000
Retirement of notes payable	(21,268,667)	(20,173,722)
	510,186	388,585
Investing activities		
Additions to and purchases of property holdings	(325,409)	(76,867)
Reductions of and proceeds on disposal of property holdings	85,593	219,133
	(239,816)	142,266
Change in cash	308,680	(73,846)
Cash – Beginning of year	258,886	332,732
Cash – End of year	567,566	258,886

1 Status of the corporation

P.E.I. Lending Agency is a Crown corporation established by a proclamation of the Lending Agency Act dated December 31, 1998. The Agency's financial results are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

a) Due from (to) the Province of Prince Edward Island

i. Current operations

The budgeted provision for possible losses expense is established as part of the normal budget process and is updated to reflect known changes as they become evident during the year. The actual provision for possible losses recorded in the company's accounts is expensed with a corresponding increase recorded in the allowance for possible losses in the balance sheet.

An amount equal to the annual provision for possible losses (expense or recovery) is recorded as an increase in "Due to Province of Prince Edward Island – Current Operations" and a corresponding increase in "Due from Province of Prince Edward Island – Allowance for Possible Losses". The Due to Province of Prince Edward Island is normally repaid to the province on an annual basis.

ii. Allowable for possible losses

An amount equal to the annual provision for possible losses (expense or recovery) is recorded as an amount "Due from the Province of Prince Edward Island – Allowable for Possible Losses" and a corresponding increase in the amount "Due to Province of Prince Edward Island – Current Operations". The "Due from Province of Prince Edward Island – Allowance for Possible Losses" is reduced when a write-off of a foreclosed project is recognized by both P.E.I. Lending Agency and the Province, with notes payable reduced correspondingly.

b) Loans receivable

Working capital loans are issued to qualified lenders and are recorded at cost less an allowance for possible losses. These loans bear interest at the Toronto Dominion Bank prime rate plus 1 ¾% to 2 ¾% and are repayable at the end of each sector's operating season or specific project.

Mortgage loans consist of loans issued to Prince Edward Island enterprises for purposes of acquiring capital assets. These loans are recorded at cost less an allowance for possible losses. These loans are issued at long-term interest rates and are repayable over various terms to a maximum of 20 years with interest rates ranging from 7.5% to 12.25%.

Interest income is recorded on the accrual basis until such time as the loan is classified as non-current. A loan is classified as non-current when the Corporation has been unsuccessful in its attempt to collect arrears payments or have the loan satisfied.

An impaired loan is a loan in arrears in excess of 120 days or where in management's opinion there is no longer reasonable assurance as to the timely collection of the full amount of the principal and interest.

c) Allowance for possible losses

An allowance is maintained which is considered adequate to absorb all credit losses and off-balance sheet items including guarantees. The allowance is deducted from the applicable asset on the balance sheet, except for guarantees. The allowance for guarantees of $50,000 (2001 – $50,000) is included in accounts payable.

The allowance consists of specific and general provisions.

Specific provisions include the accumulated allowances for losses on particular assets required to reduce the book values to estimated realizable amounts. Specific provisions total $7,450,454 (2001 – $5,840,820).

The company reviews its loan portfolios and leased properties on an ongoing basis to assess whether a loan should be classified as impaired, or an allowance or write-off recorded.

A variety of methods are used to determine the amount expected to be recovered from impaired loans and property holdings, including estimated future cash flows and the estimated fair value of the underlying security and value of any collateral security taken.

A general provision of $748,974 (2001 – $1,007,773) includes accumulated allowances for losses which are prudential in nature and cannot be specifically identified. The general provision is based on past performance of similar loans, the level of the specific provision, management's judgement, the economic climate and the maturity and financial strength of the investee.

d) Leased property

Leased property represents the cost to acquire agricultural property based on appraised market value at the inception of the lease less an allowance for possible losses. Operating leases are negotiated with the lessee for a maximum of 5 years at a rate of interest tied to commercial lending rates. The lease rates currently range from 7.5% to 11.75%. The lease may be renewed for one five-year term after which time the lessee must repurchase the property.

Lease income is recorded on an accrual basis until the lease is repaid or the property is transferred to property holdings – foreclosed projects. When a lease is in arrears in excess of 120 days or when in management's opinion there is no longer reasonable assurance of the timely collection of the full amount of principal and interest, the lease is classified as impaired.

e) Property holdings and amortization

Office furniture and equipment and computer equipment are fully expensed in the year of acquisition. The amount expensed during the year ended March 31, 2002 was $8,330 (2001 – $11,607).

Foreclosed projects are carried at the lower of cost of the impaired asset prior to realization of the related security and the underlying estimated realizable value of the security.

The reduction from cost to estimated realizable value is recorded as an allowance for possible losses.

f) Pension liabilities

The Corporation's staff are members of the Province of Prince Edward Island pension plan. The pension plan obligation is a liability of the Province and not the Corporation and no liability for these costs has been accrued by the Corporation at March 31, 2002.

g) Estimated realizable value of financial instruments

Estimated realizable value (fair value) is subjective in nature requiring a variety of valuation techniques and assumptions. The company's financial instruments are not exchangeable and it is difficult, and often not practical, to determine their estimated realizable value. Where it is possible to estimate realizable value, the company assumes that it will not sell the assets or the liabilities, taking into account only changes in credit risk as credit risk is the main cause of change in the estimated realizable value of the company's financial instruments. Credit risk is defined as the risk that the note holder will fail to discharge an obligation in whole or in part resulting in a financial losses to this company.

h) Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

3 Due from (to) the Province of Prince Edward Island

	2002 $	2001 $
Current operations		
Balance – Beginning of year	(1,724,567)	(1,629,470)
Current year's actual provision for possible losses	(2,249,698)	(1,724,567)
Repaid to the province	1,724,567	1,629,470
Balance – End of year	(2,249,698)	(1,724,567)

	2002 $	2001 $
Allowance for possible losses		
Balance – Beginning of year	6,402,326	5,401,540
Current year's expense	2,249,698	1,724,567
Repaid to the province	600,000	-
	9,252,024	7,126,107
Less: write-offs during the year	1,062,598	723,781
Balance – End of year	8,189,426	6,402,326

P.E.I. Lending Agency
Notes to Financial Statements
March 31, 2002

4 Loans receivable

					2002	2001
		Impaired loans included in total	Allowance for possible losses			
	Total $	in total $	General $	Specific $	Net $	Net $
Working capital loans	27,072,866	16,060,235	464,184	2,758,206	23,850,476	23,484,957
Mortgage loans receivable						
Agriculture	9,019,032	804,001	59,790	100,000	8,859,242	7,389,716
New farmer	33,740	-	-	-	33,740	58,415
Tourism	16,007,838	1,586,720	100,000	111,300	15,796,538	14,160,641
Manufacturing and processing	30,029,041	55,101	70,000	55,000	29,904,041	25,342,782
Fisheries	6,974,868	1,292,718	-	110,000	6,864,868	6,999,305
Aquaculture	2,329,533	1,062,434	-	902,000	1,427,533	3,129,135
Small business	12,891,587	-	55,000	-	12,836,587	11,706,304
Blueberry	10,688,359	3,449,169	-	1,450,000	9,238,359	8,014,180
Cranberry	1,404,259	497,281	-	200,000	1,204,259	583,776
Strategic economic development	57,491	57,491	-	57,000	491	160,623
2000 Hog Program	68,119	-	-	-	68,119	281,390
Aerospace	21,038,275	-	-	-	21,038,275	22,125,276
Information Technology	2,878,476	-	-	-	2,878,476	2,835,416
Other	2,775,432	1,895,393	-	1,378,988	1,396,444	185,802
	116,196,050	10,700,308	284,790	4,364,288	111,546,972	102,919,719
	143,268,916	26,760,543	748,974	7,122,494	135,397,448	126,40,676

5 Leased property

					2002	2001
	Total $	Impaired loans included in total $	General provision $	Specific provision $	Net $	Net $
Agricultural leases	2,330,741	902,224	-	105,500	2,225,241	2,677,866

6 Property holdings

	2002 $	2001 $
Foreclosed projects – land, buildings and equipment held for resale	402,276	76,867
Less: Allowance for possible losses	162,460	76,867
	239,816	-

7 Notes payable

	2002 $	2001 $
Short-term promissory notes	10,000,000	12,125,000
Long-term	132,074,128	120,898,795
	142,074,128	133,023,795

Short-term promissory notes are issued to the Province of Prince Edward Island with interest set monthly based on the Province's short-term lending rate in existence at the first day of the month. These notes are renewed on an ongoing basis with interest payable monthly.

The notes payable – long-term are issued to the Province of Prince Edward Island and have various repayment terms and interest rates ranging from 5.52% to 13.65%.

The aggregate amount of principal payments required in each of the next five years to meet retirement provisions is as indicated below. Certain notes becoming due during the next five years have been assumed to be refinanced under similar terms:

	$
Year ending March 31, 2003	8,942,901
2004	8,367,909
2005	9,665,793
2006	5,570,668
2007	3,327,087

8 Contingent liabilities

As of March 31, 2002, P.E.I. Lending Agency was contingently liable under loan guarantees in the amount of $150,060 (2001 – $245,721) for which P.E.I. Lending Agency has included $50,000 in its allowance for possible losses. This portion of the allowance for possible losses is included in accounts payable.

9 Commitments

The P.E.I. Lending Agency loans approved but not disbursed at March 31, 2002 amount to $3,240,000 (2001 – $12,978,000).

10 Related party transactions

Balance Sheet

Included in accounts receivable is $1,230,987 (2001 – $13,284) due from the Province of Prince Edward Island.

Included in accounts payable and accrued liabilities is $2,173,245 (2001 – $1,269) in net loan payments and $502,228 (2001 – $167,333) in accrued interest payable to the Province of Prince Edward Island.

Statement of earnings

Included in expenses is $8,317,392 (2001 – $7,410,809) in interest paid/payable to the Province of Prince Edward Island.

The above transactions were recorded in the normal course of operations and measured on the same terms as transactions with unrelated parties.

11 Operating Lease

The minimum annual lease payments required in each of the next three years under an operating lease expiring March 31, 2005 are as follows:

	$
Year ending March 31, 2003	40,588
2004	40,588
2005	40,588

12 Interest rate risk

The following table sets out the assets and liabilities on the earlier of contractual maturity or repricing date. Use of the table to derive information about the Agency's interest rate risk position is limited by the fact that borrowers may choose to terminate their financial instruments at a date earlier than contractual maturity or repricing date. Examples of this include mortgages, which are shown at contractual maturity but which could prepay earlier.

	Within 1 year $	**After 1 year but within 5 years $**	**After 5 years $**	**Not interest rate sensitive $**	**Provision for possible losses $**	**Total $**
Assets						
Cash	567,566	-	-	-	-	567,566
Accounts receivable	-	-	-	1,343,437	-	1,343,437
Due from Province of Prince Edward Island	-	-	-	8,189,426	-	8,189,426
Loans receivable	34,545,239	88,763,939	19,959,738		(7,871,468)	135,397,448
Leased property	2,015,741	315,000	-	-	(105,500)	2,225,241
Property holdings	-	-	-	402,276	(162,460)	239,816
Total assets	37,128,546	89,078,939	19,959,738	9,935,139	(8,139,428)	147,962,934
Liabilities and surplus						
Accounts payable and accrued liabilities	-	-	-	2,760,984	50,000	2,810,984
Due to Province of Prince Edward Island	-	-	-	2,249,698	-	2,249,698
Notes payable	15,840,289	73,029,700	53,204,139	-	-	142,074,128
Surplus	-	-	-	828,124	-	
Total liabilities and surplus	15,840,289	73,029,700	53,204,139	5,838,806	50,000	147,962,934
Interest rate sensitivity gap	21,288,257	16,049,239	(33,244,401)	4,096,333	(8,189,428)	-
Cumulative interest rate sensitivity gap	21,288,257	37,337,496	4,093,095	8,189,428	-	-

PRINCE EDWARD ISLAND

LIQUOR CONTROL COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Commissioners of the
Prince Edward Island Liquor Control Commission

I have audited the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 2002 and the statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Moore, CA
for J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
June 24, 2002

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
CURRENT ASSETS		
Cash	$ 2,899,875	$ 478,123
Accounts receivable	158,327	100,143
Inventories - Note 1(b)	2,989,151	2,842,947
Prepaid expenses	97,003	72,675
	6,144,356	3,493,888
Capital Assets - Notes 1(a) and 2	4,601,607	3,431,564
	$10,745,963	$6,925,452
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals - General	$ 1,558,806	$ 792,472
- Province of P.E.I.	69,179	45,672
Debentures payable - current portion - Note 3	571,746	392,724
Due to the Province with respect to net income - Note 1(c)	4,041,487	2,644,622
	6,241,218	3,875,490
LONG TERM LIABILITIES		
Debentures payable - Note 3	4,504,745	3,049,962
	$10,745,963	$6,925,452

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

COMMISSIONER: ______________________

COMMISSIONER: ______________________

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF INCOME

FOR THE YEAR ENDED MARCH 31, 2002

		2002		2001
SALES		$63,716,376		$60,395,477
Less: Provincial Health Tax	$10,982,205		$10,407,596	
Provincial Sales Tax	4,721,669		4,418,932	
Federal Goods & Services Tax	3,847,270	19,551,144	3,826,398	18,652,926
NET SALES		44,165,232		41,742,551
COST OF GOODS SOLD		25,683,486		24,305,593
GROSS PROFIT		18,481,746		17,436,958
EXPENSES				
Amortization	569,541		411,248	
Insurance and taxes	150,828		147,364	
Interest on long-term debt	269,637		242,934	
Leases - Note 4	737,924		641,848	
Other operating expenses	475,651		433,201	
Repairs and maintenance	256,105		378,971	
Salaries and benefits - Note 5	5,890,125		5,406,895	
Store and office expense	267,430		296,985	
Travel	112,939		103,888	
Utilities	470,467	9,200,647	428,760	8,492,094
		9,281,099		8,944,864
OTHER INCOME		897,206		1,089,875
NET INCOME - Note 1(c)		$10,178,305		$10,034,739

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net Income for the year	$10,178,305	$10,034,739
Amounts charged against income not requiring an outlay of cash:		
Amortization	569,541	411,248
(Gain) Loss on disposal of capital assets	227,337	(19,746)
	10,975,183	10,426,241
Changes in non-cash working capital:		
(Increase) Decrease in accounts receivable	(58,184)	96,054
(Increase) Decrease in inventories	(146,204)	(410,947)
(Increase) Decrease in prepaid expenses	(24,328)	(23,990)
Increase (Decrease) in accounts payable	789,841	(890,115)
Increase (Decrease) in current portion of debentures	179,022	55,614
Net cash provided by operating activities	11,715,330	9,252,857
FINANCING ACTIVITIES		
Cash payments to Provincial Treasury	(8,781,441)	(9,178,335)
Loans from Province	2,026,530	400,000
Obligations for debenture repayment	(571,748)	(392,723)
Net cash used for financing activities	(7,326,659)	(9,171,058)
INVESTING ACTIVITIES		
Acquisition of capital assets	(1,966,919)	(822,088)
Proceeds on disposal of capital assets	-	42,695
Net cash used for investing activities	(1,966,919)	(779,393)
Increase (Decrease) in cash	2,421,752	(697,594)
Cash at beginning of year	478,123	1,175,717
Cash at end of year	$ 2,899,875	$ 478,123

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Summary of significant accounting policies

(a) Capital Assets
Capital assets are stated at cost less accumulated amortization. Amortization of buildings, furniture and equipment and leasehold improvements are calculated on a straight-line basis at the rates indicated in Note 2.

(b) Inventories
Inventories are valued at the lower of first-in, first-out cost and net realizable value.

(c) Net Income
All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Operating Fund on a continuing basis as excess cash becomes available.

2. Capital Assets

		2002			2001
	Amortization Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land		$ 85,537	$ -	$ 85,537	$ 85,537
Buildings	5%	3,491,603	2,612,228	879,375	888,493
Equipment	10 & 20%	1,125,134	945,443	179,691	197,929
Vehicles	30%	102,441	102,441	-	25,477
Leasehold Improvements	10%	3,365,637	1,119,853	2,245,784	1,937,755
Integrated Business Management System	20%	1,387,997	176,777	1,211,220	296,373
		$9,558,349	$4,956,742	$4,601,607	$3,431,564

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2002

3. Debentures Payable - Province of Prince Edward Island

	Balance March 31, 2002	Less Current Portion	Long Term Liability
Integrated Business Management System Repayable in equal annual installments of $185,075 including interest @ 9.40% per annum, maturing November 1, 2004.	$ 465,158	$141,350	$ 323,808
Cornwall Repayable in equal annual installments of $35,184 including interest @ 6.75% per annum, maturing December 10, 2006.	145,232	25,380	119,852
Stratford Repayable in equal annual installments of $40,415 including interest @ 7.375% per annum, maturing February 10, 2007.	164,057	28,314	135,743
Borden - Carleton Repayable in equal annual installments of $37,442 including interest @ 5.74% per annum, maturing January 21, 2008.	185,626	26,787	158,839
Kensington Repayable in equal annual installments of $49,143 including interest @ 6.70% per annum, maturing November 8, 2009.	296,892	29,252	267,640
North Rustico Repayable in equal annual installments of $38,936 including interest @ 6.79% per annum, maturing March 24, 2010.	234,403	23,020	211,383
Charlottetown (Oak Tree) Repayable in equal annual installments of $197,398 including interest @ 6.79% per annum, maturing March 24, 2010.	1,188,375	116,707	1,071,668
Cardigan Repayable in equal annual installments of $55,381 including interest @ 6.40% per annum, maturing February 16, 2011.	370,218	31,688	338,530

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2002

Summerside (Waterfront) Repayable in equal annual installments of $88,042 including interest @ 6.77% per annum, maturing July 18, 2011.	625,000	45,730	579,270
Financial Information System Repayable in equal annual installments of $195,599 including interest @ 6.57% per annum, maturing March 28, 2012	1,401,530	103,518	1,298,012
	$5,076,491	$571,746	$4,504,745

The total principal repayment for the next five years is as follows:

2003	$ 571,746
2004	613,746
2005	658,912
2006	522,419
2007	557,284
Total	$2,924,107

4. Leases

The Prince Edward Island Liquor Control Commission leases 12 retail outlets and various pieces of computer hardware and software which have maturity dates between 2003 and 2016. Future minimum lease payments are as follows:

Fiscal Years	Amount
2003	$ 927,767
2004	724,262
2005	570,250
2006	446,445
2007	372,800
2008-2016	1,754,821
	$4,796,345

5. Pension Benefits

The employees of the Prince Edward Island Liquor Control Commission are entitled to pension benefits under the terms of their employment. The employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of P.E.I. and are not reflected in the Commission's financial statements.

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Members of the
Prince Edward Island Lotteries Commission

I have examined the balance sheet of the Prince Edward Island Lotteries Commission as at March 31, 2002 and the statement of operations for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
June 10, 2002

STATEMENT 1

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

BALANCE SHEET

MARCH 31, 2002

	2002	2001
ASSETS		
CURRENT ASSETS		
Due from Atlantic Lottery Corporation Inc.	$167,116	$280,196
OTHER ASSETS		
Share in Atlantic Lottery Corporation Inc. - at cost	100	100
Share in Interprovincial Lottery Corporation - at cost	1	1
	101	101
	$167,217	$280,297
LIABILITY		
CURRENT LIABILITY		
Due to Province of Prince Edward Island	$167,217	$280,297

(The accompanying note is an integral part of these financial statements.)

SIGNED ON BEHALF OF THE COMMISSION:

STATEMENT 2

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2002

	2002	2001
REVENUE		
Distribution of Atlantic Lottery Corporation Inc. net profit - Note 1	$15,190,587	$15,118,209
EXPENSES - Note 1		
Remittance to Province of Prince Edward Island	14,249,373	14,174,209
Grant to P.E.I. Harness Racing Industry Association	941,214	944,000
	15,190,587	15,118,209
NET OF REVENUE AND EXPENSES	$ -	$ -

(The accompanying note is an integral part of these financial statements.)

PRINCE EDWARD ISLAND LOTTERIES COMMISSION

NOTE TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Business

The Government of Prince Edward Island operates no lotteries but the Province, through its ownership of the Prince Edward Island Lotteries Commission, is a shareholder in the Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. The Atlantic Lottery Corporation Inc. is jointly owned by the four Atlantic Provinces or their lottery agencies, and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. The Atlantic Lottery Corporation Inc. also markets and handles regionally the products of the Interprovincial Lottery Corporation, which is jointly owned by the ten Canadian provinces. Investments in the Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation are carried at cost, and their net profits are distributed to the shareholders.

The profit of the Atlantic Lottery Corporation Inc. is distributed to each of the four Atlantic Provinces or their lottery agencies. The distribution to each province consists of the calculated profit in each province as determined by the Amended and Restated Unanimous Shareholders' Agreement.

M.L.A. PENSION FUND
OF PRINCE EDWARD ISLAND
(OLD PLAN)
FINANCIAL STATEMENTS
MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

Honourable Patricia J. Mella
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the M.L.A. Pension Fund of Prince Edward Island as at March 31, 2002 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's administrative personnel. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
October 18, 2002

STATEMENT 1

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Cash	$ 45,303	$ 21,335
Accounts receivable	15,379	2,934
Investments - Notes 2(b) and 3	20,451,771	20,197,385
TOTAL ASSETS	20,512,453	20,221,654
LIABILITIES		
Accounts payable	71,691	50,319
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$20,440,762	$20,171,335

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
INCREASE IN ASSETS		
Investment income		
Interest	$ 481,527	$ 545,741
Dividends	258,535	390,109
	740,062	935,850
Market value increase	738,923	-
TOTAL INCREASE IN ASSETS	1,478,985	935,850
DECREASE IN ASSETS		
Administrative expenses	135,767	108,563
Benefits paid	1,073,791	1,089,185
	1,209,558	1,197,748
Market value decrease	-	282,057
TOTAL DECREASE IN ASSETS	1,209,558	1,479,805
INCREASE (DECREASE) IN NET ASSETS	269,427	(543,955)
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	20,171,335	20,715,290
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$20,440,762	$20,171,335

(The accompanying notes are an integral part of these financial statements.)

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Description of Plan

The following description of the M.L.A. Pension Fund is a summary only. For more complete information, reference should be made to the various Acts mentioned below.

a) General

The M.L.A. Pension Fund is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island who held office prior to July 1, 1994.

Section 20(3) of the former Legislature and Executive Pensions Act stated that the pension scheme established by the Act shall be wound up with effect from June 30, 1994, with such arrangements as considered appropriate for the transition from the pension scheme established by the Act to the pension scheme in replacement of it. The Fund's investments are still being held by the investment custodian and benefits accrued to June 30, 1994 continue to be paid out of the Fund.

A May 19, 1994 amendment to the Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip. A new Pension Plan for Members of the Legislative Assembly of Prince Edward Island was established by the Commission, effective as of July 1, 1994.

b) Pensions

Any Member is entitled to a pension upon ceasing to be a Member or upon attaining the age of 50 years, whichever is later.

Annual Members' pensions are equal to the lesser of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions as a Minister or one half of the highest annual salary as a Minister.

Pensions are adjusted annually by an amount equal to the percentage increase in the Consumer Price Index for the previous year, less 2%, to a maximum of 8%.

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

c) Survivors' Benefits

A pension is payable to a surviving spouse upon the death of a Member or former Member who would have been eligible to receive a pension upon attaining the age of 50 years or who had five or more years of pensionable service. Allowances are also provided for dependent children.

d) Death Refunds

A death refund is payable to the estate of a Member where the Member was not eligible for a pension.

e) Withdrawal Refunds

Any person ceasing to be a Member who is entitled to receive a pension at age 50 may elect to either receive an annual pension deferred to age 50 or receive a refund of contributions, together with interest thereon at the rate of 6.5% compounded annually.

f) Disability Pension

Any Member who is entitled to a pension or who is elected to two General Assemblies and who has attended five sessions is entitled to an immediate pension in the event of permanent infirmity.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the Province of Prince Edward Island and the Fund members. They are prepared to assist in reviewing the activities of the Fund for the fiscal period but do not portray the funding requirements of the Fund or the benefit security of individual Members.

b) With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

3. Investments

Investments as of March 31, 2002 consist of the following:

Investments in Province of Prince Edward Island Master Trust	$20,452,089
Cash held for investment (overdraft)	(318)
	$20,451,771

The investments of the Civil Service Superannuation Fund, the M.L.A. Pension Fund, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each of these funds holds units in the Master Trust. As of March 31, 2002 there were 635,347.720 units held in the Master Trust, of which the M.L.A. Pension Fund held the following:

Number of units held	18,092.912
Market value per unit	$ 1,130.39
Market value of units held	$20,452,089

Investments of the Master Trust as of March 31, 2002 are as follows:

Canadian T-bills	$ 64,932,933
Other liquid assets (liabilities)	(24,841,060)
Bonds, debentures and notes	245,551,644
Canadian equity securities	314,254,880
Foreign equity securities	108,113,410
Accrued income receivable	4,541,636
Real estate	5,638,763
	$718,192,206

The investments totalling $718,192,206 include amounts which the five Master Trust fund managers have invested in their own pooled funds. The March 31, 2002 market values of these related parties investments are as follows:

Sceptre Investment Counsel Limited	$ 60,566,303
Beutel, Goodman & Company Ltd.	29,619,470
McLean Budden Limited	22,096,935
Northwater Capital Management Inc.	40,453,955
Templeton Management Limited	44,086,483
	$196,823,146

M.L.A. PENSION FUND

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on service and best estimate assumptions. An actuarial valuation made as of April 1, 2000 by Morneau Sobeco, a firm of consulting actuaries, indicates a $7,627,600 actuarial surplus. The actuarial present value of accrued pension benefits as at April 1, 2000 and the principal components of changes from the previous actuarial valuation as of April 1, 1997 were as follows:

Actuarial present value of accrued pension benefits - April 1, 1997	$14,354,700
Changes in actuarial assumptions	(394,000)
Interest accrued on benefits	3,471,539
Experience loss (gain)	(1,351,105)
Benefits paid and refunds	(2,993,434)
Actuarial present value of accrued pension benefits - April 1, 2000	$13,087,700

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Pension cost of living increases	1.5% per annum

The net asset value used in the valuation was $20,715,300.

The estimated actuarial surplus for accounting purposes is $8,405,000 as of March 31, 2002. This estimate is based on 0.5% per annum pension cost of living increases.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
(NEW PLAN)
FINANCIAL STATEMENTS
DECEMBER 31, 2001

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

Honourable Patricia J. Mella
Provincial Treasurer
Province of Prince Edward Island

I have audited the statement of net assets available for benefits of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island as at December 31, 2001 and the statement of changes in net assets available for benefits for the nine months then ended. These financial statements are the responsibility of the Plan's administrative personnel. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2001 and the results of its operations for the nine months then ended in accordance with Canadian generally accepted accounting principles.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
October 18, 2002

STATEMENT 1

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
AS AT DECEMBER 31, 2001

	DECEMBER 31 2001	MARCH 31 2001
ASSETS		
Cash	$ 45,798	$ 55,777
Receivables		
Contributions - Members	4,482	2,188
Contributions - Province of P.E.I.	4,482	2,188
Other	421	89
	55,183	60,242
Investments - Notes 2(b) and 3	1,594,279	1,354,300
TOTAL ASSETS	1,649,462	1,414,542
LIABILITIES		
Accounts Payable	12,591	3,355
NET ASSETS AVAILABLE FOR BENEFITS - STATEMENT 2	$1,636,871	$1,411,187

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 2

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2001

	9 MONTHS DECEMBER 31 2001	12 MONTHS MARCH 31 2001
INCREASE IN ASSETS		
Investment income		
Interest	$ 28,466	$ 35,662
Dividends	8,111	23,072
	36,577	58,734
Market value increase	34,799	-
Contributions - Note 1(a)		
By Members	88,770	112,595
By Province of P.E.I.	88,770	112,595
	177,540	225,190
TOTAL INCREASE IN ASSETS	248,916	283,924
DECREASE IN ASSETS		
Administrative expenses	2,643	5,040
Benefits paid	20,589	22,548
	23,232	27,588
Market value decrease	-	26,128
TOTAL DECREASE IN ASSETS	23,232	53,716
INCREASE IN NET ASSETS	225,684	230,208
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF PERIOD	1,411,187	1,180,979
NET ASSETS AVAILABLE FOR BENEFITS AT END OF PERIOD	$1,636,871	$1,411,187

(The accompanying notes are an integral part of these financial statements.)

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. Description of Plan

The following description of the Pension Plan for Members of the Legislative Assembly of Prince Edward Island is a summary only. For more complete information, reference should be made to the Full Plan Text.

a) General

The Pension Plan for Members of the Legislative Assembly is a contributory defined benefit plan for Members of the Legislative Assembly of Prince Edward Island holding office after June 30, 1994.

The Legislative Assembly Act provides for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, Speaker, Deputy Speaker, Leader of the Opposition, Government House Leader, Opposition House Leader, Government Whip and Opposition Whip. This new Plan was established by the Commission, effective as of July 1, 1994.

Participants' contributions are set at 8% of remuneration, excluding allowances. The Province of Prince Edward Island is required to provide whatever level of funding is required, as determined by the Plan's actuary.

b) Pension Benefits

The normal retirement date for any participant is the date of attaining the age of 60 years, or on which the participant's age plus years of continuous service after June 30, 1994 equals 80 years, whichever is earlier. Participants who elect to retire early may receive a reduced pension upon attaining the age of 50 years.

Pensions for participants who retired prior to April 1, 2001 are calculated as follows:

(i) Monthly Members' pensions are equal to 2% of the average monthly indemnity received as a Member, excluding allowances, during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Member after June 30, 1994.

(ii) Monthly Ministers' pensions are equal to 2% of the average monthly salary received as a Minister during the 36 consecutive calendar months, or less if there are less than 36 months, which produce the greatest average, multiplied by the number of years of continuous service as a Minister after June 30, 1994. The definition of Minister includes non-Ministerial service to the executive branch of government in addition to service as a Member.

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2001

On June 28, 2001 the Indemnities and Allowances Commission approved a new plan design which provides for annual pensions for participants who retire on or after April 1, 2001 to be calculated as follows:

(i) two percent of:

(a) the average annual indemnity received as a Member during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years service as a Member during the period from June 30, 1994 to March 31, 2001, plus

(b) the average annual salary received as a Minister during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of service as a Minister during the period from June 30, 1994 to March 31, 2001, plus

(c) for every appointment of paid non-Ministerial service to the executive branch of government in addition to service as a Member, the average annual salary received for such service during the three years ended March 31, 2001, or less if there is less than three years of service during this period, multiplied by the number of years of such service during the period from June 30, 1994 to March 31, 2001, plus

(ii) twenty-five percent of the required contributions made by the participants commencing April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

Pensions are increased annually by an amount equal to the percentage increase in the Consumer Price Index since the last previous increase was granted, less 2% per annum, to a maximum of 8% per annum.

c) Death Benefits

Reduced benefits are payable to a surviving spouse or any dependent children upon the death of a participant.

In the event of the pre-retirement death of a participant having no surviving spouse or dependent children, an amount equal to the actuarial present value of the earned pension will be paid in a cash lump sum to the designated beneficiary or to the participant's estate.

PENSION PLAN FOR MEMBERS
OF THE LEGISLATIVE ASSEMBLY
OF PRINCE EDWARD ISLAND
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2001

d) Termination of Service Benefits

Any participant ceasing to be a Member of the Legislative Assembly prior to retirement or death may elect to leave the pension in the Plan or transfer the value of the pension to another prescribed retirement savings or pension plan.

e) Fifty Percent Maximum Employee Cost Rule

The amount, if any, by which a participant's required contributions plus interest exceeds 50% of the actuarial present value of accrued pension benefits is refundable to the participant on the earliest of (i) retirement; (ii) termination; (iii) death; or (iv) termination of the Plan.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

These financial statements present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Province of Prince Edward Island and the Plan participants. They are prepared to assist in reviewing the activities of the Plan for the fiscal period but do not portray the funding requirements of the Plan or the benefit security of individual participants.

b) With the exception of real estate investments which are valued at cost, investments are stated at market value, as reported by the custodian of the Master Trust.

3. Investments

Investments as of December 31, 2001 consist of the following:

Investment in Province of Prince Edward Island Master Trust	$1,419,006
Investment in short term fund	175,000
Cash held for investment	273
	$1,594,279

The investments of the Civil Service Superannuation Fund, the M.L.A. Pension Fund, the Pension Plan for Members of the Legislative Assembly of Prince Edward Island, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. Each of these funds holds units in the Master Trust. As of December 31, 2001 there were 615,395.904 units held in the Master Trust, of which the Pension Plan for Members of the Legislative Assembly of Prince Edward Island held the following:

Number of units held	1,240.959
Market value per unit	$ 1,143.48
Market value of units held	$1,419,006

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2001

Investments of the Master Trust as of December 31, 2001 are as follows:

Canadian T-bills	$ 10,177,203
Other liquid assets	1,257,916
Bonds, debentures and notes	246,742,604
Canadian equity securities	348,733,121
Foreign equity securities	88,160,747
Accrued income receivable	2,979,873
Real estate	5,638,763
	$703,690,227

The investments totalling $703,690,227 include amounts which the five Master Trust fund managers have invested in their own pooled funds. The December 31, 2001 market values of these related parties investments are as follows:

Sceptre Investment Counsel Limited	$ 58,554,494
Beutel, Goodman & Company Ltd.	24,150,023
McLean Budden Limited	47,255,157
Northwater Capital Management Inc.	40,339,675
Templeton Management Limited	42,076,754
	$212,376,103

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method pro rated on service and best estimate assumptions. An actuarial valuation made as of April 1, 2000 by Morneau Sobeco, a firm of consulting actuaries, indicates a $25,000 unfunded liability. The actuarial present value of accrued pension benefits as at April 1, 2000 and the principal components of changes from the previous actuarial valuation as of April 1, 1997 were as follows:

Actuarial present value of accrued pension benefits - April 1, 1997	$ 359,300
Changes in nature of the plan	117,000
Changes in actuarial assumptions	(56,400)
Data correction	90,800
Interest accrued on benefits	167,785
Experience loss (gain)	(79,644)
Benefits accrued	674,000
Benefits paid and refunds	(66,841)
Actuarial present value of accrued pension benefits - April 1, 2000	$1,206,000

PENSION PLAN FOR MEMBERS

OF THE LEGISLATIVE ASSEMBLY

OF PRINCE EDWARD ISLAND

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2001

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term market conditions. Significant long term actuarial assumptions used in the valuation were:

Asset rate of return	7.9% per annum
Pension cost of living increases	1.5% per annum
Remuneration escalation rate	4.5% per annum

The net asset value used in the valuation was $1,181,000.

The estimated unfunded liability for accounting purposes is $65,000 as of March 31, 2002. This estimate is based on 0.5% per annum pension cost of living increases.

5. Supplementary Plan

These financial statements do not include the financial activities of a supplementary non-registered pension plan for MLAs holding office after June 30, 1994, which is financed entirely by the Province of Prince Edward Island, without contributions from MLAs.

Supplementary plan benefits paid during the year ended March 31, 2002 totalled $53,907 compared to $47,816 paid during the year ended March 31, 2001.

An actuarial valuation made as of April 1, 2000 by Morneau Sobeco, a firm of consulting actuaries, indicates a $1,598,700 unfunded liability. The estimated unfunded liability for accounting purposes is $2,240,900 as of March 31, 2002. This estimate is also based on 0.5% per annum pension cost of living increases.

PRINCE EDWARD ISLAND

MUSEUM AND HERITAGE FOUNDATION

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To The Board of Governors of the
Prince Edward Island Museum and Heritage Foundation

I have audited the balance sheet of the Prince Edward Island Museum and Heritage Foundation as at March 31, 2002 and the statements of operations and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Allan Moore, CA
for J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
June 20, 2002

STATEMENT 1

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
BALANCE SHEET
AS AT MARCH 31, 2002

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2002 Total	2001 Total
ASSETS							
Current							
Cash	$ 98,815	$ 21,264	$ 15,472	$ -	$11,125	$146,676	$130,725
Accounts Receivable							
- General	22,724	-	1,675	301	-	24,700	34,772
- Province of PEI	-	-	-	-	-	-	3,750
Amounts Due Between Funds - (Note 9)	1,871	-	(22,054)	255	19,928	-	-
Inventory - (Notes 2 & 5)	93,701	-	-	-	-	93,701	90,020
	217,111	21,264	(4,907)	556	31,053	265,077	259,267
Long Term							
Investments (Notes 2 & 10)	12	88,225	418,987	17,210	-	524,434	507,839
Land, Buildings and Equipment (Notes 2 & 7)	54,721	-	-	-	-	54,721	64,095
Artifacts (Note 2)	1	-	-	-	-	1	1
	54,734	88,225	418,987	17,210	-	579,156	571,935
	$271,845	$109,489	$414,080	$17,766	$31,053	$844,233	$831,202
LIABILITIES AND FUND BALANCES							
Current							
Accounts Payable							
- General	$ 30,636	$ -	$ -	$ -	$ -	$ 30,636	$ 61,023
- Province of PEI	94,811	-	-	-	-	94,811	77,254
Deferred revenue	33,633	-	-	-	-	33,633	45,792
	159,080	-	-	-	-	159,080	184,069
Fund Balances - Statement 2							
Invested in Capital Assets	54,722	-	-	-	-	54,722	64,096
Externally Restricted (Note 4)	-	109,489	414,080	-	-	523,569	516,124
Internally Restricted	-	-	-	17,766	31,053	48,819	46,768
Unrestricted	58,043	-	-	-	-	58,043	20,145
	112,765	109,489	414,080	17,766	31,053	685,153	647,133
	$271,845	$109,489	$414,080	$17,766	$31,053	$844,233	$831,202

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

DIRECTOR: ____________________

DIRECTOR: ____________________

STATEMENT 2

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2002

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	2002 Total	2001 Total
REVENUE							
Provincial Grants (Note 6)	$ 769,230	$ -	$ -	$ -	$ -	$ 769,230	$ 800,924
Federal Grants (Note 11)	119,874	-	-	-	-	119,874	121,525
Memberships and Donations	49,008	-	157	-	-	49,165	211,745
Admissions and House Events	154,972	-	-	-	-	154,972	156,592
Publishing Sales	34,489	-	-	-	-	34,489	84,889
Investment Income	979	5,254	24,284	788	1,263	32,568	38,164
Other	95,758	-	-	-	-	95,758	104,385
	1,224,310	5,254	24,441	788	1,263	1,256,056	1,518,224
EXPENDITURE							
Artifact Collection and Equipment	7,805	-	-	-	-	7,805	5,712
Amortization	9,374	-	-	-	-	9,374	11,614
Federal Projects (Note 11)	103,036	-	-	-	-	103,036	113,637
Insurance, Taxes and Interest	18,897	-	-	-	-	18,897	19,028
Office and General	117,047	-	-	-	-	117,047	122,922
Public Programme	33,178	-	-	-	-	33,178	62,206
Publishing	2,414	-	13,000	-	-	15,414	54,500
Repairs and Maintenance	40,373	-	7,000	-	-	47,373	114,643
Travel	10,564	-	-	-	-	10,564	6,781
Utilities	56,594	-	-	-	-	56,594	55,941
Wages and Employee Benefits (Note 8)	798,754	-	-	-	-	798,754	800,894
	1,198,036	-	20,000	-	-	1,218,036	1,367,878
Net Income (Loss) for the Year	26,274	5,254	4,441	788	1,263	38,020	150,346
Fund Balance, Beginning of Year	84,241	104,235	411,889	16,978	29,790	647,133	496,787
Transfer Between Funds	2,250	-	(2,250)	-	-	-	-
Fund Balance, End of Year	$ 112,765	$109,489	$414,080	$17,766	$31,053	$ 685,153	$ 647,133

(The accompanying notes are an integral part of these financial statements.)

STATEMENT 3

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

	Operating Fund	Jaynes Trust Fund	Endowment Trust Fund	Orwell Trust Fund	Publishing Trust Fund	Total 2002	Total 2001
SOURCES OF CASH							
Provincial Grants	$ 772,980	$ -	$ -	$ -	$ -	$ 772,980	$ 827,079
Federal Grants	105,610	-	-	-	-	105,610	147,154
Memberships and Donations	49,293	-	157	-	-	49,450	212,537
Operating Activities	296,531	-	-	-	-	296,531	344,545
Investment Income	979	5,253	24,190	1,278	514	32,214	38,075
	1,225,393	5,253	24,347	1,278	514	1,256,785	1,569,390
USES OF CASH							
Investment (Increase) Decrease	5	(4,976)	(15,381)	(1,278)	5,014	(16,616)	(87,090)
Inventory Increase	(3,681)	-	-	-	-	(3,681)	(37,610)
Salaries	(781,198)	-	-	-	-	(781,198)	(841,929)
Other Operating Costs	(439,339)	-	-	-	-	(439,339)	(539,026)
	(1,224,213)	(4,976)	(15,381)	(1,278)	5,014	(1,240,834)	(1,505,655)
Cash from Operations and Investment	1,180	277	8,966	-	5,528	15,951	63,735
Balance, Beginning of Year	97,635	20,987	6,506	-	5,597	130,725	66,990
Balance, End of Year	$ 98,815	$21,264	$15,472	$ -	$11,125	$ 146,676	$ 130,725

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

1. Purpose of the Organization

The Prince Edward Island Museum and Heritage Foundation is a registered charitable corporation whose purpose is to study, collect, preserve, interpret and protect the human and natural heritage of Prince Edward Island for the use, benefit and enjoyment of the people of the Province.

2. Significant Accounting Policies

a) Fund Accounting

The Operating Fund accounts for the Foundation's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Endowment Trust Fund was established to support and enhance the effort in the preservation and development of the Province's historic resources. The Endowment Fund reports resources contributed for endowment and the income earned on its investments. Expenditures from income of the Endowment Trust Fund are subject to approval of the Fund's trustees. Expenditures of the Fund's capital may be made with the approval of the Lieutenant Governor-in-Council.

The Publishing Trust Fund was established to finance publishing projects through loans to the Operating Fund. Money from the fund may be loaned to finance projects recommended by the Board's Publishing Committee and approved by the Board of Directors. Loans bear interest at the prevailing prime rate.

The Orwell Trust Fund was established to assure the recognition of the efforts of Orwell Corner Historical Site in becoming a financially viable operation. The Fund's resources are used to make improvements and enhancements to the historical site.

The Robert and Mildred Jaynes Trust was established to support the acquisition of property for the purpose of imposing restrictive covenants protecting historical, architectural, natural or cultural importance. Properties once protected will be offered for sale and proceeds returned to the Trust. Control of expenditures is governed by a Board of Trustees.

b) Amortization is calculated on the straight-line basis at the following rates:

Buildings	4%
Equipment	20%
Inventory	20%

Fully amortized equipment will be carried on the balance sheet at a nominal value of $1.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

c) The capitalization policy is to capitalize all additions greater than $5000.

d) Property acquired as a result of a bequest of the late Julian Jaynes has not been capitalized as it is not used in ongoing operations.

e) Artifacts are recorded on the balance sheet at a nominal value of $1. Due to the nature of these items the historical and intrinsic value is not readily measurable.

f) Inventory has been valued at the lower of cost and net realizable value. Books published by the Foundation are amortized by the straight-line method to determine net realizable value.

g) The value of donated materials and services is not reflected in the financial statements.

h) Investments are valued using the cost method. Interest revenue is recognized on strip bonds based on stated yield rates at purchase and cost is adjusted as income is recognized. For other investments interest revenue is recognized on an accrual basis and recorded cost represents the initial acquisition cost.

3. Orwell Corner Project

The Prince Edward Island Museum and Heritage Foundation intends to construct a new facility of 6,000 sq. ft. to house the Prince Edward Island Agricultural Heritage Museum and a second facility of 25,000 sq. ft. for a Collection and Conservation Centre at the Orwell Corner Historic Village.

The total cost of the project is initially estimated at $3.8 million. During the year, the Province of Prince Edward Island purchased a property appraised at $140,000 for the project. Title of the property remains with the Province.

4. Externally Restricted Funds

(a) Robert and Mildred Jaynes Trust Fund

As a result of a bequest of the late Julian Jaynes the Foundation acquired land and building situated in Stratford and the Robert and Mildred Jaynes Trust Fund of $100,000 was established. The land and building have been leased in exchange for maintenance and insurance coverages on the property.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

The Robert and Mildred Jaynes Trust Fund is administered by three trustees:

- The Minister of the Government of Prince Edward Island responsible for the Museum Act
- The Chairman of the Board of Governors of the Museum
- Mrs. Robert (Mildred) Jaynes, the Settler, and after her;
- The serving PEI Governor of the Heritage Canada Foundation

The trustees may use the principle and income of the fund to support Museum activity of acquiring property for the purpose of imposing restrictive covenants and offering protected properties for sale with proceeds being returned to the Trust. The trustees may also make loans to the Board of Governors of the PEI Museum and Heritage Foundation on such terms and conditions as the Trustees determine.

(b) Endowment Trust Fund

The Endowment Trust Fund is administered by three trustees:
- The Provincial Treasurer of PEI
- The Chief Justice of the Supreme Court of PEI
- The Chairman of the Board of Directors of the PEI Museum and Heritage Foundation.

Normally only the income from investments is expended. Expenditures are to be used on specific projects which are within the aims and objectives of the Foundation.

5. Inventory

	2002	2001
Publishing Inventory		
Original cost	$ 223,910	$215,267
Accumulated amortization	(152,739)	(146,465)
Inventory value	71,171	68,802
Giftshop/Book Inventory - at cost	22,530	21,218
	$ 93,701	$ 90,020

6. Provincial Grants

The Provincial Grants amount of $769,230 includes an operating grant of $736,900, and French Services Claim revenue of $32,330.

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

7. Land, Buildings and Equipment

The recorded values of land and buildings represent those purchased and donated. Those purchased are recorded at cost and those donated are recorded at appraised value at the time of donation.

	2002			2001
	Recorded Value	Accumulated Amortization	Net Book Value	Net Book Value
Land				
Beaconsfield	$ 9,108	$ -	$ 9,108	$ 9,108
Warehouse	12,500	-	12,500	12,500
	21,608	-	21,608	21,608
Buildings				
Beaconsfield	104,216	104,216	-	-
Warehouse	234,343	201,231	33,112	42,486
Elmira Station	15,433	15,433	-	-
	353,992	320,880	33,112	42,486
Equipment	1	-	1	1
	$375,601	$320,880	$54,721	$64,095

8. Wages and Employee Benefits

The employees of the Foundation are entitled to pension and severance and retirement benefits under the terms of their employment. The employer's cost of the benefits plus any additional future actuarial liabilities are assumed by the Province of PEI and are not reflected in the Foundation's financial statements.

During 2001-2002, the Foundation had funding for 315 weeks of employment at various historical sites from the Employment Development Agency. The employees are hired and wages are paid by the Prince Edward Island Employment Development Agency. The total wages and benefits paid to these employees during 2001-2002 was $79,867 and are not reflected in the financial statements of the Foundation.

9. Amounts Due Between Funds

At March 31, 2002, the following amounts were due (to) from the Operating Fund:

Endowment Trust Fund

Annual appropriation of interest income	$(22,250)
Donations to Endowment Fund deposited to an Operating account	196
	(22,054)

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

9. Amounts Due Between Funds (continued...)

Orwell Trust Fund	
Donations to Endowment Fund deposited to an Operating account	255
Publishing Trust Fund	
Loan to Operating Fund plus accrued interest of 5%	19,928
	$ 1,871

10. Investments

	2002		2001
	Net Book Value	Market Value	Net Book Value
Operating Fund			
Souris Credit Union Shares	$ 12	$ 12	$ 12
Evangeline Credit Union Shares	-	-	5
	12	12	17
Orwell Trust Fund			
Province of PEI Deposit Receipts	-	-	5,453
Royal Bank GIC, 4.45% maturing June 11, 2001	-	-	10,479
Royal Bank GIC, 3.5% maturing June 11, 2002	10,713	10,713	-
CPN Province of Quebec, 2.4% maturing September 19, 2002	6,497	6,330	-
	17,210	17,043	15,932
Publishing Trust Fund			
Government of Canada Coupon, yield 5.84% maturing March 15, 2002	-	-	5,014
Robert & Mildred Jaynes Trust			
Bonds:			
Province of Alberta Euro Bonds, yield 5.84% maturing November 29, 2002	22,008	22,396	20,794
Province of British Columbia Bond, yield 6.00% maturing June 21, 2004	22,064	22,686	20,814
Province of British Columbia Bond, yield 5.99% maturing July 9, 2006	22,060	22,313	20,814
Province of Saskatchewan Bond, yield 6.08% maturing October 10, 2008	22,093	21,855	20,826
	88,225	89,250	83,248

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

10. Investments (continued...)

	2002		2001
	Net Book Value	Market Value	Net Book Value
Endowment Trust Fund			
Bonds:			
Province of Ontario Bond, 7.75%, maturing Dec. 18, 2003	38,360	43,207	38,360
Province of Ontario Coupon, 9%, maturing Sept. 15, 2004	39,355	44,029	39,355
General Motors Acceptance Corporation 5.5% Medium Term Note due June 20, 2005	40,071	39,703	40,094
Strip Bonds:			
Province of PEI Coupon, yield 8.56%, maturing Sept. 19, 2002	42,348	43,450	39,009
Government of Canada Bond, yield 7.91%, maturing Dec. 1, 2003	38,751	41,083	35,910
Province of Nova Scotia Coupon, yield 7.08%, maturing Dec. 1, 2005	45,932	47,934	42,895
Sentinel Canada Prin. Ser.1, yield 5.87%, maturing Oct. 1, 2006	21,494	21,570	20,302
Province of Ontario Coupon, yield 5.06%, maturing Dec. 2, 2007	23,574	22,423	22,439
Province of Ontario Coupon, yield 5.17%, maturing Dec 2, 2008	21,852	20,545	20,778
Province of Saskatchewan, yield 6.3%, maturing Jan. 18, 2010	15,373	14,969	14,462
Equity Investments:			
2175 Units Sovereign Cdn Equity Pool	40,826	37,149	40,011
1720 Units Sovereign US Equity Pool	30,640	27,506	30,008
1240 Units Sovereign Overseas Equity Pool	20,411	17,155	20,005
	418,987	420,723	403,628
	$524,434	$527,028	$507,839

PRINCE EDWARD ISLAND MUSEUM AND HERITAGE FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)
MARCH 31, 2002

11. Federal Government Revenue and Expenditures

	2002		2001	
	Revenue	Expenditures	Revenue	Expenditures
Projects				
Heritage Canada Foundation - Young Canada	$ 2,871	$ 3,956	$ 2,859	$ 3,849
Millennial Project - Beaconsfield	31,153	-	28,841	-
Canada/PEI Cooperation Agreement Museum Project Development	-	-	10,000	26,483
Basin Head Marine Protected Area Project	12,379	12,378	-	-
Canadian Museums Association Young Canada	19,439	25,891	14,106	17,783
Museum Assistance Program Marketing Initiatives	30,000	31,386	-	-
Human Resources Development Canada SCP Program	1,921	1,921	5,236	5,239
Canada/PEI Agreement on Regional Economic Development	9,082	14,700	2,168	2,168
Canadian Heritage Museum Assistance	12,804	12,804	58,115	58,115
	119,649	$103,036	121,325	$113,637
General Grant				
Canadian Heritage Canada Committee	225		200	
	$119,874		$121,525	

Revenue received during a year but not expended is reflected as deferred revenue.

Millennial Project expenditures of $19,751 in 2002 and $89,044 in 2001 are included in the repairs and maintenance, salary, travel, utility and office expenses on Statement 2.

Financial Statements of

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Year ended March 31, 2002

AUDITORS' REPORT TO THE COMMISSIONERS

We have audited the balance sheets of Prince Edward Island Regulatory and Appeals Commission for the capital and operating funds as at March 31, 2002 and the statement of earnings and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Charlottetown, P.E.I.
May 23, 2002

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Capital Fund

March 31, 2002, with comparative figures for 2001

	2002	2001
Assets		
Leaseholds and equipment (note 3)		
Leasehold improvements	$ 280,369	$ 386,058
Furnishings and equipment	144,534	146,397
Computer equipment	292,245	204,292
	717,148	736,747
Accumulated depreciation	517,559	493,889
	$ 199,589	$ 242,858
Liabilities and Surplus		
Surplus: Invested in capital assets (note 4)	$ 199,589	$ 242,858

See accompanying notes to financial statements.

On Behalf of the Board:

____________________________ Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Balance Sheet - Operating Fund

March 31, 2002, with comparative figures for 2001

	2002	2001
Assets		
Current assets:		
Cash and term deposits (note 2)	$ 916,365	$ 851,883
Cash held in trust	5,081	3,102
Receivables - trade	22,526	55,879
- employees	7,429	2,781
Prepaid expenses	3,599	444
	$ 955,000	$ 914,089
Liabilities and Surplus		
Current liabilities:		
Accounts payable and accrued liabilities:		
Trade	$ 117,927	$ 156,676
Vacation pay	96,780	93,645
Deposit guarantees - moving permits and rentalsman	5,081	3,102
	219,788	253,423
Deferred revenue (note 5)	431,285	377,161
Reserves (note 6)	19,787	25,543
Severance allowance	179,853	196,944
Surplus	104,287	61,018
Commitment (note 7)		
	$ 955,000	$ 914,089

See accompanying notes to financial statements.

On Behalf of the Board:

____________________________ Chairman

PRINCE EDWARD ISLAND REGULATORY AND APPEALS COMMISSION

Statement of Earnings and Surplus - Operating Fund

Year ended March 31, 2002, with comparative figures for 2001

	2002	2001
Revenue:		
Assessments on public utilities	$ 246,811	$ 246,979
Licenses - petroleum products	244,860	254,100
Permits - land and property division	125,799	171,691
- moving permits	225	1,370
Assessment - Province of Prince Edward Island	1,236,105	1,072,132
Investment income	42,910	58,960
	1,896,710	1,805,232
Expenses:		
Advertising	7,965	16,155
Bad debts	-	1,433
Cleaning	8,145	8,185
Computer maintenance and supplies	38,895	16,835
Depreciation	134,073	126,087
Education and development	3,326	2,812
Insurance	6,216	5,755
Interest	-	6,969
Office and supplies	42,478	37,208
Part-time commissioners	30,078	26,112
Postage	4,027	4,082
Professional fees	42,919	134,257
Publications	23,012	12,799
Rent	156,012	149,911
Salaries and employee benefits	1,117,008	1,182,023
Telephone	21,584	23,383
Travel	34,567	42,358
	1,670,305	1,796,364
Earnings before Reserves transfer	226,405	8,868
Transfer from Reserves	5,756	5,756
	232,161	14,624
Deferred revenue (note 5)	(232,161)	(14,624)
Net earnings	-	-
Surplus, beginning of year	61,018	174,265
Transfer from capital fund	134,073	126,087
Transfer to capital fund for investment in capital assets	(90,804)	(239,334)
Surplus, end of year	$ 104,287	$ 61,018

See accompanying notes to financial statements.

The Commission is incorporated under the Island Regulatory and Appeals Commission Act of Prince Edward Island. The Commission is primarily engaged in the general supervision of public utilities, petroleum distributors, land and property appeals, provincial rentalsman and the hearing of appeals for property and sales tax disputes. The Commission is also responsible for recommending decisions under the Lands Protection Act.

1. Significant accounting policies:

(a) Leaseholds and equipment:

Leaseholds and equipment are stated at cost and are depreciated on the straight-line basis using the following annual rates:

Asset	Rate
Leasehold improvements	10% and 20%
Furnishings and equipment	20%
Computer equipment	33 1/3%

(b) Vacation pay and severance allowance:

Vacation pay is recorded as a liability when earned. Severance allowances are recognized when the employee meets the eligibility criteria.

(c) Pension costs:

Employees of the Commission belong to the civil service superannuation plan. Employees' contributions and matching employer's contributions are transferred to the Province of Prince Edward Island. Future actuarial liabilities assumed by the Province of Prince Edward Island are not reflected in these financial statements.

(d) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

1. Significant accounting policies (continued):

(e) Financial instruments:

The Commission's financial instruments consist of cash, accounts receivable, investments, and accounts payable. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise noted.

(f) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and term deposits:

	2002	2001
Cash	$ 139,676	$ 42,072
Provincial deposit receipts	99,435	95,454
Guaranteed Investment Certificates	-	714,357
CIBC Wood Gundy Investments	567,036	-
Metro Credit Union Premium Investment account	110,218	-
	$ 916,365	$ 851,883

3. Leaseholds and equipment:

	Cost	Accumulated depreciation	2002 Net book value	2001 Net book value
Leasehold improvements	$ 280,369	$ 191,421	$ 88,948	$ 130,713
Furnishings and equipment	144,534	119,185	25,349	35,331
Computer equipment	292,245	206,953	85,292	76,814
	$ 717,148	$ 517,559	$ 199,589	$ 242,858

4. Surplus - capital fund balance sheet:

	2002	2001
Surplus, beginning of year	$ 242,858	$ 129,611
Capital assets purchased during current year	90,804	239,334
	333,662	368,945
Transfer to operating fund - depreciation	134,073	126,087
Surplus, end of year	$ 199,589	$ 242,858

5. Deferred revenue:

Pursuant to a three year provincial assessment agreement entered into with the Province of Prince Edward Island, the Commission has agreed to refund to the Province of Prince Edward Island, at the end of the agreement, the accumulated surpluses, if any, for the years ended March 31, 2002, 2003, and 2004.

6. Reserves:

		2002		2001
Reserve balance, beginning of year	$	25,543	$	31,299
Transfer to surplus		(5,756)		(5,756)
Reserve balance, end of year	$	19,787	$	25,543
Comprised of:				
Reserve for Uniform System of Accounts Study		5,235		5,235
Reserve for leasehold improvements		12,552		18,308
Reserve for reporting requirements changes		2,000		2,000
	$	19,787	$	25,543

7. Commitment:

The Commission has an operating lease for its premises at $ 11,643. per month, under a lease expiring in 2004.

The minimum annual lease payments for the next two years are as follows:

2003	$	139,716
2004		139,716

P.E.I. SELF-INSURANCE
AND RISK MANAGEMENT FUND
FINANCIAL STATEMENTS
MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Members of Treasury Board

I have examined the balance sheet of the Prince Edward Island Self-Insurance and Risk Management Fund as at March 31, 2002 and the statement of revenues, expenditures and fund balance for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations for the year then ended in accordance with the basis of accounting disclosed in Note 2.

Allan Moore

Allan N. Moore, CA
Acting Auditor General

Charlottetown, Prince Edward Island
August 13, 2002

STATEMENT 1

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

BALANCE SHEET

AS AT MARCH 31, 2002

	2002	2001
ASSETS		
Current Assets		
Accounts Receivable		
Province of P.E.I. - Note 4	$8,200,675	$8,114,997
Other	27,890	-
	8,228,565	8,114,997
Prepaid Insurance	39,773	37,017
	$8,268,338	$8,152,014
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accounts Payable	$ 24,624	$ -
Unearned Premiums	224,905	221,037
	249,529	221,037
Fund Balance - Statement 2	8,018,809	7,930,977
	$8,268,338	$8,152,014

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF TREASURY BOARD:

MEMBER: Mitch Murphy

MEMBER: J Weston Mac Aleer

STATEMENT 2

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Revenues		
Insurance Premiums - Note 3	$1,017,165	$1,013,443
Interest Revenue	48,747	58,532
Grant in Lieu of Interest - Note 4	175,000	175,000
Claim Recoveries	16,249	136,696
	1,257,161	1,383,671
Expenditures		
Claims Settled - Notes 2 and 5	469,052	586,177
Consulting Expenses - Note 6	139,912	67,628
Insurance Premiums - Note 7	379,464	366,569
Office and Travel Expenses	12,943	18,107
Salary and Benefits	167,958	133,544
	1,169,329	1,172,025
Net Income for the Year	87,832	211,646
Fund Balance, beginning of year	7,930,977	7,719,331
Fund Balance, end of year	$8,018,809	$7,930,977

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. Operations

The Prince Edward Island Self-Insurance and Risk Management Fund was established under Part II of the Financial Administration Act. The Fund provides General Liability Insurance, Errors and Omissions Insurance, and Primary Property and Crime Insurance for government entities. The Fund is administered by Treasury Board.

2. Significant Accounting Policies

The Fund follows Canadian generally accepted accounting principles, except for claims which are recorded on a settled claims basis due to the inherent difficulty in predicting the outcome of legal processes. In addition, management has established for internal purposes an estimated amount for unsettled claims. These estimated losses, which are not reported in the financial statements, totalled $813,000 as at March 31, 2002.

3. Insurance Premiums Revenue

Insurance Premiums Revenue	2002	2001
General Liability, Errors and Omissions	$ 613,258	$ 608,563
Primary Property and Crime	403,907	404,880
	$1,017,165	$1,013,443

4. Grant in Lieu of Interest

The account receivable from the Province of P.E.I. includes $6,887,571 that was invested in Provincial Deposit Receipts until March 31, 1997. At that time Treasury Board directed the investment be redeemed and be replaced by a non-interest bearing account receivable from the Province of P.E.I. In lieu of interest on investments, an annual payment of $175,000 has been paid by the Province to the Fund. In addition, the Province pays interest on the remaining accounts receivable balance at the overnight call loan rate.

5. Claims Settled

Claims Settled	2002	2001
General Liability, Errors and Omissions		
Compensation Amounts	$ 58,079	$282,284
Professional Services	198,123	109,353
	$256,202	$391,637
Primary Property and Crime		
Compensation Amounts	188,517	189,239
Professional Services	24,333	5,301
	212,850	194,540
	$469,052	$586,177

PRINCE EDWARD ISLAND

SELF-INSURANCE AND RISK MANAGEMENT FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

MARCH 31, 2002

6. **Consulting Expenses**

	2002	2001
Risk Management Consultant	$ 63,247	$40,800
Property Inspections	50,972	26,828
Private Training Schools	25,693	-
	$139,912	$67,628

7. **Insurance Premiums Expense**

	2002	2001
General Liability, Errors and Omissions	$230,724	$231,240
Primary Property and Crime	148,740	135,329
	$379,464	$366,569

8. **Cash Flow Statement**

A cash flow statement has not been included in these financial statements. All receipts and payments flow through the Province's bank account. Since cash flow activity is reflected in the inter entity receivable/payable between the Fund and the Province, the presentation of cash flows in a financial statement format is not considered necessary.

PRINCE EDWARD ISLAND

SPECIAL PROJECTS FUND

FINANCIAL STATEMENTS

MARCH 31, 2002

AUDITOR GENERAL
CHARLOTTETOWN
PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Board of Directors of the
Prince Edward Island Special Projects Fund

I have audited the balance sheet of the Prince Edward Island Special Projects Fund as at March 31, 2002 and the statement of revenue, expenditures, and fund balances for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
June 10, 2002

STATEMENT 1

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

BALANCE SHEET

AS AT MARCH 31, 2002

ASSETS

	2002	2001
CURRENT ASSETS		
Due from the Province of Prince Edward Island (Note 2)	$16,283,919	$23,570,111

LIABILITIES AND FUND BALANCE

	2002	2001
FUND BALANCE		
Fund Balance - Statement 2	$16,283,919	$23,570,111

(The accompanying notes are an integral part of these financial statements.)

SIGNED ON BEHALF OF THE BOARD:

Patricia J. Mella

STATEMENT 2

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

STATEMENT OF REVENUE, EXPENDITURES AND FUND BALANCES

YEAR ENDED MARCH 31, 2002

	Health Care Stabilization	Development	Health Research	Sustainable Resource Support	Community Development	Education Stabilization	2002 Total	2001 Total
REVENUE								
Provincial Grant	$ -	$ -	$ -	$ -	$	$ -	$ -	$ 1,000,000
Interest Income	326,943	70,178	65,975	19,939	41,675	41,998	566,708	1,872,373
	326,943	70,178	65,975	19,939	41,675	41,998	566,708	2,872,373
EXPENDITURES								
Grants	3,715,000	1,020,000	277,000	-	529,700	2,311,200	7,852,900	20,229,027
Net income (loss) for the year	(3,388,057)	(949,822)	(211,025)	19,939	(488,025)	(2,269,202)	(7,286,192)	(17,356,654)
Fund balance, beginning of year	12,976,784	3,030,924	2,064,852	596,431	1,533,736	3,367,384	23,570,111	40,926,765
Fund balance, end of year	$ 9,588,727	$2,081,102	$1,853,827	$616,370	$1,045,711	$1,098,182	$16,283,919	$23,570,111

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2002

1. **The Prince Edward Island Special Projects Fund was established under Part III.I of the Financial Administration Act. Regulations were established which indicate the purpose of each program, the eligibility criteria, and the approval and disbursement process. The purposes of each program associated with the six separate funds that comprise the Special Projects Fund are listed below:**

Health Care Stabilization Fund (Health Care Support Program)

(a) to ensure existing programs and services are maintained;
(b) to stabilize the workforce through the conversion of casual and temporary positions to permanent positions;
(c) to address the difficulties in recruiting staff for specialty service delivery areas; and
(d) to maintain a high standard of health care delivery.

Development Fund (Economic Development Projects Program)

(a) to fund economic development in the province; and
(b) to enable access to federal economic development assistance including, but not limited to, economic development agreements between the federal government and the province.

Health Research Fund (Health Research Program)

(a) to provide new knowledge regarding persons suffering from diabetes, asthma, cancer, or other illnesses;
(b) to provide information regarding health services and health systems;
(c) to provide new knowledge regarding the prevention, early detection, and management of diabetes, asthma, cancer, or other illnesses; or
(d) to assist in determining best practices in the prevention and treatment of diabetes, asthma, cancer, or other illnesses.

Sustainable Resource Support Fund

(Agriculture and Environmental Resource Conservation Program)

(a) to assist farmers in the production of sustainable, high-quality crops and food products; and
(b) to support and assist farmers and owners of agricultural land in the compliance with legislation affecting their land and operations.

PRINCE EDWARD ISLAND SPECIAL PROJECTS FUND

NOTES TO FINANCIAL STATEMENTS (continued)

MARCH 31, 2002

(Environmental and Natural Resource Program)

(a) to provide assistance for undertakings intended to improve conservation of soil or water; and
(b) to promote responsible and appropriate stewardship of the environment and natural resources.

Community Development Fund (Community Development Program)

To enhance community life, infrastructure, and employment opportunities in areas including, but not limited to:
(a) education;
(b) technology;
(c) recreation; and
(d) environment.

Education Stabilization Fund

(Teacher Technology Training Program)

To promote and improve the use of technology in Island schools by:
(a) providing technology training and support to teachers;
(b) improving computer hardware and software in schools; and
(c) supporting the integration of technology into the school curriculum.

(Education Special Projects Program)

May be used for the implementation of new initiatives and for the maintenance or expansion of existing programs.

2. Due From The Province of Prince Edward Island

The balance due from the Province consists of the principal and accumulated interest amounts and is unsecured with no set terms of repayment and bears interest at the rate in effect for the overnight call loan.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 2001

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 2001 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2001 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
November 15, 2001

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at JUNE 30, 2001

	2001	2000
Assets		
Cash	$ 546,679	$ 654,888
Contributions receivable - employee	4,987	2,206
Contributions receivable - employer	7,777	11,970
Accrued interest & other accounts receivable	1,523	3,295
Short term loan to Province	600,000	1,000,000
	1,160,966	1,672,359
Investments (Note 2b, 3)		
Province of Prince Edward Island Master Trust	279,764,708	280,930,520
Total Assets	$280,925,674	$282,602,879
Liabilities		
Installment buybacks (Note 2c)	-	5,508
Accounts payable	625,531	603,134
Total Liabilities	625,531	608,642
Net assets available for benefits	$280,300,143	$281,994,237

(The accompanying notes are an integral part of these financial statements.)

ON BEHALF OF THE COMMISSION

COMMISSIONER: ____________________

COMMISSIONER: ____________________

STATEMENT 2

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JUNE 30, 2001

	2001	2000
INCREASE IN ASSETS		
Investment income		
Interest on investments	$ 7,163,787	$ 8,961,842
Dividends	4,354,075	2,423,813
Other income	44,085	31,210
	11,561,947	11,416,865
Market value increase (decrease)	(10,213,689)	20,834,604
Contributions		
Employees' contributions	5,498,049	5,257,060
Employers' contributions	5,498,049	5,257,060
Transfers from other plans	317,182	1,683,277
Buybacks	217,324	130,088
Contribution towards unfunded liability (Note 5)	12,121,202	12,121,202
	23,651,806	24,448,687
Total Increase in Assets	25,000,064	56,700,156
DECREASE IN ASSETS		
Administrative costs	99,951	129,718
Custodial and management fees	807,732	751,466
Refunds	90,544	26,477
Pensions paid	21,086,171	19,409,542
Transfers to other plans	4,609,760	280,068
Total Decrease in Assets	26,694,158	20,597,271
Increase in net assets	(1,694,094)	36,102,885
Net assets available for benefits at beginning of the year	281,994,237	245,891,352
Net assets available for benefits at end of the year	$280,300,143	$281,994,237

(The accompanying notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2001

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Fund.

(a) General
The plan is a contributory defined benefit plan covering teachers as defined under the Teachers' Superannuation Act. Under the plan, employees and the employer make equal contributions of 7.2% on that part of salary on which Canada Pension Plan contributions are made and 9.0% on salary when Canada Pension Plan contributions are not required.

(b) Pensions
Pensions payable are based on the number of years of service times 2% multiplied by the average of the 5 years of the highest annual salary rate on which the teacher made contributions.

(c) Disability Pension
A disability pension is available at any age to a teacher who retires from teaching service because of total and permanent disability who has contributed to the Fund for 5 or more years.

(d) Survivors' Pension
A survivor pension is paid to a spouse and allowances are provided to dependent children of a member who has at least 5 years service.

(e) Death Refunds
If a teacher dies before becoming eligible for a pension, a refund of contributions made plus interest shall be made to their personal representative.

(f) Withdrawal Refunds
Upon application and subject to limitations within the Teachers' Superannuation Act, a person who ceases to teach is entitled to a refund of all contributions made by the individual to the fund.

(g) Income Tax
The plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income tax.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2001

2. Summary of Significant Accounting Policies

(a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

(b) With the exception of real estate investments which are valued at cost, investments are valued at market value as reported by the custodian of the Master Trust at June 30, 2001 and include the following:

	2001	2000
Cash held for investment	$ 122,388	$ -
Short term investment fund units	12,121,200	-
Province of Prince Edward Island Master Trust	267,521,120	280,930,520
	$279,764,708	$280,930,520

(c) A past service buyback by installment plan was implemented in September 1983. Under this plan installments are accumulated for individual participants in a special fund until a sufficient amount is available to complete the buyback transaction. At that time the total buyback amount is recorded as a contribution to the Pension Fund.

3. Investments

Investments of the Civil Service Superannuation Fund, MLAs' pension funds, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. As of June 30, 2001 there were 608,009.075 units held in the Province of Prince Edward Island Master Trust, of which the Teachers' Superannuation Fund held the following:

Units held	237,270.293
Market Value per unit	$1,127.49
Total market value held	$267,521,120

PROVINCE OF PRINCE EDWARD ISLAND
TEACHERS' SUPERANNUATION FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
JUNE 30, 2001

3. Investments (continued)

Investments of the Province of Prince Edward Island Master Trust at June 30, 2001 are as follows:

Canadian T-Bills	$ 20,441,095
Other liquid assets	199,518
Bonds, debentures and notes	246,624,888
Canadian equity securities	282,272,661
Foreign equity securities	126,303,872
Accrued income receivable	3,334,554
Real estate	6,350,733
Total	$685,527,321

The investments of $685,527,321 include amounts which the Master Trust Fund managers have invested in their own pooled funds. The June 30, 2001 market values of these related parties investments are as follows:

Sceptre Investment Counsel Limited	$ 57,412,841
Beutel, Goodman & Company Ltd.	29,643,260
McLean Budden Limited	41,281,549
NewCastle Capital Management Inc.	40,809,962
Templeton Management Limited	44,902,051
	$214,049,663

At June 30, 2001, $12,121,200 was invested outside of the Master Trust in a short term investment fund administered by the Master Trust Custodian, Royal Trust.

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. The most recent Actuarial Valuation was done as of July 1, 1999 by Morneau Sobeco. The actuarial present value of benefits as at July 1, 1999 and the principal components of change from the previous Actuarial Valuation as at July 1, 1996 were as follows:

Actuarial present value of accrued pension benefits at July 1, 1996	$309,841,000
Interest on actuarial present value of accrued pension benefits	83,186,000
Actuarial present value of benefits accrued in the intervaluation period	23,064,000
Interest on present value of benefits accrued in the intervaluation period	2,927,000
Benefits paid	(50,340,000)
Interest on benefits paid	(6,323,000)
Loss re change in actuarial basis	12,076,000
Loss re change in plan provisions	14,458,000
Net experience loss	3,878,000
Actuarial present value of accrued pension benefits at July 1, 1999	$392,767,000

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2001

4. Obligations for Pension Benefits (continued)

The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

Asset rate of return	7.9 % per annum
Basic salary escalation rate	4.0 % per annum
Pension cost of living increases	1.8 % per annum

The actuarial asset values used in the valuation were:

Actuarial value of net assets available for benefits	$245,891,000

5. Funding Policy

The employer matches employee contributions to the Fund. Under Section 9(3) of the Teachers' Superannuation Act, all payments required by the Act are guaranteed by the Province of Prince Edward Island. An Actuarial Valuation Report of the Fund as of July 1, 1999 was conducted by Morneau Sobeco. This report indicated there was an unfunded liability of $146.9 million. The unfunded liability amount of $146.9 million does not include an allowance for the present value of the future contributions noted below. The present value of remaining special contributions required by the Teachers' Superannuation Act as at July 1, 1999 is $49,431,000. If this present value had been considered for the actuarial balance sheet, the unfunded liability at July 1, 1999 would be $97,445,000.

As of March 31, 2001, the estimated unfunded liability of the Fund is $159.2 million. This estimate does not include an allowance for the present value of remaining special contributions. If the present value of the remaining special payments had been considered, as of March 31, 2001, the Fund would have an estimated unfunded liability of $115.6 million.

The Teachers' Superannuation Act was amended to reflect that the Province of Prince Edward Island shall pay $129.44 million into the Fund over a period of 10 years for the purpose of reducing the unfunded liability of the Fund. The Act was further amended in 1997 to provide for payments in accordance with the following schedule.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 2001

Date of Payment	Amount Payable to Fund
April 1, 1995	$23.60 Million
April 1, 1996	11.76 Million
March 31, 1998*	11.76 Million
April 1, 1998	11.76 Million
April 1, 1999	11.76 Million
April 1, 2000	11.76 Million
April 1, 2001	11.76 Million
April 1, 2002	11.76 Million
April 1, 2003	11.76 Million
April 1, 2004	11.76 Million

*An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-1998 fiscal year that was deferred to March 31, 1998, shall be paid in seven equal annual installments, commencing on April 1, 1998. The installment referred to above is $361,202 per year.

Queens Health Region
(Formerly: Queens Region Health and Community Services)

Financial Statements
March 31, 2002

ARSENAULTBESTCAMERONELLIS

CHARTERED ACCOUNTANTS

ArsenaultBestCameronEllis
Prince Edward Place
90 Water Street
PO Box 455
Charlottetown, Prince Edward Island
Canada C1A 7L1
Telephone (902) 368 3100
Fax (902) 566-5074

June 18, 2002

Auditors' Report

To the Members of
Queens Health Region

We have audited the statement of financial position of **Queens Health Region** as at March 31, 2002 and the statements of revenue and expenditures and unappropriated equity, revenue and expenditures and appropriated equity, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Queens Health Region as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting recommendations.

Arsenault Best Cameron Ellis

Chartered Accountants

Queens Health Region

Statement of Financial Position

As at March 31, 2002

	2002 $	2001 $
Assets		
Current assets		
Cash	-	181,512
Accounts receivable (note 2)	5,389,782	3,421,677
Due from Province of Prince Edward Island Department of Health and Social Services	12,923,797	10,700,040
Prepaid expenses	2,008,984	1,801,397
	20,322,563	16,104,626
Assets held in trust	77,488	134,711
Appropriated assets	177,422	188,986
	20,577,473	16,428,323
Liabilities		
Current liabilities		
Bank advances	1,925,895	-
Accounts payable and accrued liabilities	8,703,285	8,361,735
Accrued vacation pay and retiring allowances	9,101,062	7,316,069
Deferred revenue	592,321	426,822
	20,322,563	16,104,626
Assets held in trust	77,488	134,711
	20,400,051	16,239,337
Surplus		
Appropriated equity		
Restricted Fund	177,422	188,986
Unappropriated equity	-	-
	177,422	188,986
	20,577,473	16,428,323

Approved by the Board of Directors

________________________ Director

________________________ Director

Queens Health Region

Statement of Revenue and Expenditures and Unappropriated Equity

For the year ended March 31, 2002

			2002	2001
	Regional Programs $	**Assigned Programs $**	**Total $**	**Total $**
Revenue				
Contributions – P.E.I. Department of Health & Social Services	139,640,732	18,837,171	158,477,903	151,120,527
Patient/client fees	2,952,595	-	2,952,595	2,698,496
Other income (note 2)	2,876,766	-	2,876,766	2,946,179
	145,470,093	18,837,171	164,307,264	156,765,202
Expenditures				
Acute care/mental health division				
Hospital services (note 2)	69,181,394	-	69,181,394	66,078,724
Mental health	11,744,470	-	11,744,470	11,008,900
Child and family services division	7,555,852	-	7,555,852	6,831,784
Income support division				
Income support program	21,401,197	-	21,401,197	21,763,643
Job creation program	1,360,971	-	1,360,971	1,320,705
Community services division				
Addiction services	3,564,547	-	3,564,547	3,319,702
Housing	1,784,033	-	1,784,033	1,876,356
Public health nursing	1,373,900	-	1,373,900	1,182,607
Funding to non-government organizations	2,833,315	-	2,833,315	2,805,790
Community services programs	1,923,717	-	1,923,717	1,689,466
Continuing care division	21,671,189	-	21,671,189	20,694,898
Administration	1,075,508	-	1,075,508	1,008,775
Assigned programs				
Dental public health	-	2,313,368	2,313,368	2,270,975
Provincial pharmacy	-	16,092,119	16,092,119	14,511,340
Environmental health	-	431,684	431,684	401,537
	145,470,093	18,837,171	164,307,264	156,765,202
Excess revenue for the year	-	-	-	-
Unappropriated equity – Beginning of year			-	-
Unappropriated equity – End of year			-	-

Queens Health Region

Statement of Revenue and Expenditures and Appropriated Equity

For the year ended March 31, 2002

	2002 $	2001 $
Restricted Fund		
Revenue		
Donations	31,962	62,532
Interest	11,262	10,570
	43,224	73,102
Expenditures		
Resident activities	54,788	51,836
Excess revenue (expenditures) for the year	(11,564)	21,266
Restricted Fund equity – Beginning of year	188,986	167,720
Restricted Fund equity – End of year	177,422	188,986

Queens Health Region
Statement of Cash Flows
For the year ended March 31, 2002

	2002 $	2001 $
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) for the year – operating fund	-	-
– restricted fund	(11,564)	21,266
	(11,564)	21,266
Net change in non-cash working capital items		
– increase in accounts receivable	(1,968,105)	(716,376)
– decrease (increase) in due from Province of P.E.I. Department of Health and Social Services	(2,223,757)	1,128,612
– increase in prepaid expenses	(207,587)	(502,787)
– increase (decrease) in accounts payable and accrued liabilities	341,550	(1,186,596)
– increase in accrued vacation pay and retiring allowances	1,784,993	284,393
– increase in deferred revenue	165,499	313,869
	(2,107,407)	(678,885)
	(2,118,971)	(657,619)
Investing activity		
Decrease (increase) in appropriated assets	11,564	(21,266)
Decrease in cash	(2,107,407)	(678,885)
Cash – Beginning of year	181,512	860,397
Cash (bank advances) – End of year	(1,925,895)	181,512

Queens Health Region

Statement of Tangible Capital Assets

For the year ended March 31, 2002

	2002				2001
	Land and Improvements $	**Buildings $**	**Equipment $**	**Total $**	**Total $**
Cost of tangible capital assets					
Opening cost	554,007	44,641,977	31,365,896	76,561,880	74,563,556
Additions during the year	-	-	2,062,884	2,062,884	1,998,324
Closing cost	554,007	44,641,977	33,428,780	78,624,764	76,561,880
Accumulated amortization					
Opening accumulated amortization	23,338	20,408,900	13,457,552	33,889,790	31,817,036
Add: Amortization	2,918	1,117,722	1,081,044	2,201,684	2,072,754
Closing accumulated amortization	26,256	21,526,622	14,538,596	36,091,474	33,889,790
Net carrying amount of tangible capital assets	527,751	23,115,355	18,890,184	42,533,290	42,672,090

1 Summary of significant accounting policies

Basis of accounting

Queens Health Region follows the accounting recommendations of the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Basis of presentation

Effective November 17, 2001, the name of Queens Region Health and Community Services was changed to Queens Health Region.

Queens Health Region operates five divisions: acute care/mental health, child and family services, income support, community services and continuing care.

In addition to regional programs, the Prince Edward Island Department of Health and Social Services assigned to Queens Health Region the management of three provincial programs – dental public health, provincial pharmacy and environmental health.

Included in the acute care/mental health division are the following services:

- Queen Elizabeth Hospital
- Hillsborough Hospital
- Sherwood Home
- Community Mental Health

Included in the income support division are the following services:

- Income support programs
- Job creation program

Included in the community services division are the following services:

- Addiction services
- Housing
- Public health nursing
- Speech program
- Audiology program
- Contributions to non-government organizations
- Community services program

Included in the continuing care division are the following services:

- Beach Grove Home
- Prince Edward Home
- Contributions to private nursing homes
- Home care and support

These financial statements do not include the assets, liabilities and activities of the Region's related organizations, Queen Elizabeth Hospital Foundation Inc. and Queen Elizabeth Hospital Auxiliary Inc.

Restricted Fund

Several institutions in Queens Health Region have funds that are subject to certain restrictions. All such funds were formed for the purpose of benefiting the residents of the institutions.

The following funds are included in the Restricted Fund on the financial statements:

- Beach Grove Home Memorial fund
- Hillsborough Hospital Memorial fund
- Prince Edward Home Memorial fund
- Prince Edward Island Palliative Care fund

Interest earned on these funds has also been designated for the purpose of benefiting the residents and is included in interest income of the Restricted Fund.

Financial support overpayments

Financial support overpayments are recorded as receivable when identified, with a full provision as a doubtful account. Recoveries of financial support overpayments are recorded as a reduction to financial support expenditures when received.

Assets held in trust

Certain institutions provide a safekeeping for residents' monies, which are primarily held in bank accounts.

Tangible capital assets

Capital assets are recorded at cost on the Statement of Tangible Capital Assets. Amortization of capital assets is recorded on the Statement of Tangible Capital Assets using the straight-line method at the annual rate of 10% for land improvements, 2.5% for buildings and 6.25% for equipment.

Capital assets purchased in the year are expensed on the Statement of Revenue and Expenditures and Unappropriated Equity.

Many of the services provided through the Queens Health Region are located in properties owned directly or indirectly by the Province of Prince Edward Island. Agreement has been reached with the Province for the Region to use these properties at no rental charge.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Fair value of financial instruments

The financial instruments of the Queens Health Region include accounts receivable, due from Province of Prince Edward Island Department of Health and Social Services, assets held in trust, appropriated assets, accounts payable and accrued liabilities, and accrued vacation pay and retiring allowances.

The Region has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

2 Related party transactions

Accounts receivable includes $723,014 (2001 – $326,770) from the Queen Elizabeth Hospital Foundation Inc. for equipment purchases. Other income includes donations from the Queen Elizabeth Hospital Foundation Inc. for equipment purchases of $1,382,846 (2001 – $1,366,215). These purchases are included in hospital services expense.

3 Subsequent event

Subsequent to the balance sheet date, the Minister of Health and Social Services announced the creation of a new Provincial Health Services Authority, which will amalgamate the operations of the Queen Elizabeth Hospital, Prince County Hospital, Hillsborough Hospital, and the institutional component of Queens Region Addiction Services.

Required legislative changes have been passed but do not become effective until proclaimed.

Planning for the transition of the above operations is currently underway.

4 Commitment

Queens Region Health is committed to purchase major equipment with a total cost of $5,205,000. The Prince Edward Island Department of Health and Social Services is committed to funding this equipment purchase.

Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
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Southern Kings Health Region
Financial Statements
March 31, 2002

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Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Board of Directors of
Southern Kings Health Region

We have audited the balance sheet of Southern Kings Health Region as at March 31, 2002 and the statements of revenue and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown
Prince Edward Island
June 15, 2002

Chartered Accountants

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Southern Kings Health Region
Statement of Revenue and Expenses

Year Ended March 31	2002	2001
Revenue		
Grants		
Department of Health and Social Services	**$ 16,371,503**	$ 15,235,725
Special projects (Note 7)	**36,892**	95,604
Donations – K.C.M.H. Foundation Inc. (Note 8)	**97,094**	102,935
Kings County Memorial Hospital (Note 9)	**271,667**	336,319
Employment Pathways (Note 10)	**160,381**	-
Other income	**14,639**	30,134
	16,952,176	15,800,717
Expenses		
Community Services		
Child and Family Services	**4,785,966**	4,455,613
Community Health Center	**1,109,589**	954,998
Home Care and Support	**987,301**	898,443
Job Creation/Employment Enhancement	**217,028**	208,310
Seniors Housing	**505,073**	523,962
Grants – non-governmental organizations	**1,138,459**	1,030,957
Residential Services		
Riverview Manor	**2,547,693**	2,437,025
Kings County Memorial Hospital	**4,701,244**	4,407,496
Regional Services	**762,550**	788,309
Employment Pathways (Note 10)	**160,381**	-
Special projects (Note 7)	**36,892**	95,604
	16,952,176	15,800,717
Excess revenue	**$ -**	$ -

See accompanying notes to the financial statements.

Southern Kings Health Region
Balance Sheet

March 31	2002	2001
Assets		
Current		
Cash and cash equivalents (Note 4)	$ 935,891	$ 997,698
Receivables (Note 5)	854,130	893,354
Prepaids	136,974	120,507
	$ 1,926,995	$ 2,011,559
Liabilities		
Current		
Payables and accruals (Note 6)	$ 1,162,476	$ 1,295,535
Accrued vacation pay	764,519	679,132
Deferred revenue (Note 7)	-	36,892
	$ 1,926,995	$ 2,011,559

On behalf of the Board

______________________ Director ______________________ Director

See accompanying notes to the financial statements.

Southern Kings Health Region
Statement of Cash Flows

Year Ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Cash received from		
Provincial government for operations	$ 16,328,108	$ 15,076,134
Special projects grants	-	230,000
Operations	383,569	282,818
Donations	82,450	172,118
Cash paid for		
Wage assistance grants	(217,028)	(207,563)
Severance pay allowance	-	(31,264)
Special projects	(36,892)	(95,604)
Salaries and benefits	(9,663,755)	(8,927,109)
Grants – non-governmental organizations	(1,138,459)	(1,030,957)
Materials and services	(2,217,683)	(1,989,574)
Financial assistance	(3,355,245)	(3,235,377)
Building and equipment	(226,872)	(235,519)
Net (decrease) increase in cash and cash equivalents	(61,807)	8,103
Cash and cash equivalents		
Beginning of year	997,698	989,595
End of year	$ 935,891	$ 997,698

See accompanying notes to the financial statements

Southern Kings Health Region
Statement of Tangible Capital Assets

Year Ended March 31

	Land	Paving	Buildings	Equipment	2002 Total	2001 Total
Cost of Tangible Capital Assets						
Opening cost	$ 1,469	$ -	$1,348,427	$1,025,765	**$2,375,661**	$2,282,320
Additions	-	81,608	-	77,930	**159,538**	93,341
Closing cost	1,469	81,608	1,348,427	1,103,695	**2,535,199**	2,375,661
Accumulated Depreciation						
Opening balance	-	-	627,922	545,582	**1,173,504**	1,069,712
Add: depreciation	-	8,161	33,710	67,602	**109,473**	103,792
Closing balance	-	8,161	661,632	613,184	**1,282,977**	1,173,504
Net Carrying Amount of Tangible Capital Assets	$ 1,469	$ 73,447	$ 686,795	$ 490,511	**$1,252,222**	$1,202,157

See accompanying notes to the financial statements.

Southern Kings Health Region
Notes to the Financial Statements
March 31, 2002

1. Nature of operations

Authority
Southern Kings Health Region is a non-profit organization incorporated under the *Health and Community Services Act*, Part III. The corporation is exempt from income taxes under Section 149 of the *Income Tax Act*. Southern Kings Health Region is responsible for the management of the following core program health services:

Program/Services
- Kings County Memorial Hospital
- Child and Family Services
- Community Health Center
- Home Care and Support
- Riverview Manor
- Seniors Housing
- Job Creation/Employment Enhancement

2. Name change

Subject to a Ministerial Order dated October 25, 2001, the name of the regional health authority known as the Southern Kings Health Authority was changed to Southern Kings Health Region.

3. Summary of significant accounting policies

Revenue recognition
The Southern Kings Health Region follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Tangible capital assets
Acquired physical assets are expensed as a component of program costs in the year of acquisition. The Region has assumed ownership of the tangible capital assets of the Kings County Memorial Hospital only. The Region has assumed operational maintenance responsibility for the other tangible capital assets in the region. The Statement of Tangible Capital Assets (page 5) provides details of tangible capital asset additions that are owned by the Region and were expensed in the year, the accumulated cost of tangible capital assets owned by the Region and the unconsumed cost of these assets. Rates and basis to calculate the unconsumed cost of assets are as follows:

Paving	10%, straight-line
Buildings	2 1/2%, straight-line
Equipment	6 1/4% - 33 1/3%, straight-line

Inventory in the amount of $117,309 (2001 - $108,052) has not been reflected on the balance sheet.

3. Summary of significant accounting policies (con't)

Financial assistance

Financial assistance overpayments are recorded as receivable when identified with a full provision as doubtful account. Recoveries of financial assistance overpayments are credited to financial assistance expenditures when received. In 2002, $481,656 (2001 - $454,821) in overpayments was recorded in this manner.

Vacation pay and retiring allowances

Vacation pay is recorded as a liability when earned.

Retirement allowance liability is calculated when the employee meets the eligibility criteria. Retirement allowances are funded by the Department of Health and Social Services and are not recorded as an expense of the Region. At March 31, 2002, $319,807 (2001 - $228,776) of liability relating to employees meeting the eligibility criteria was calculated but not recorded in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short term deposits with original maturities of three months or less.

Sick leave obligation

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Region to settle these amounts with cash payments. Consequently, no liability has been accrued in these financial statements. The estimated liability for sick leave obligations at March 31, 2002 is $2,458,693 (2001- $2,266,123).

Pension costs

Employees of the Region belong to different pension plans according to their historical workplace. Hospital employees are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island.

The hospital pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report dated January 1, 2001, employer contributions to the pension plan are sufficient to meet the requirements of the plan and a pension fund surplus existed at this point.

The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island and are not reflected in these financial statements.

General

These financial statements do not include the assets, liabilities and activities of the Kings County Memorial Hospital Foundation Inc. or the Kings County Memorial Hospital Auxiliaries. Separate audited financial statements are issued for each of these entities.

4. Cash and cash equivalents

	2002	2001
Restricted		
Riverview Manor - Resident Trust Fund	$ 10,714	$ 12,248
Deferred revenue (Note 7)	-	36,892
Deferred salary plan	-	25,757
	10,714	74,897
Unrestricted	925,177	922,801
	$ 935,891	$ 997,698

5. Receivables

	2002	2001
Trade	$ 21,252	$ 26,491
Employees	288,904	257,275
Kings County Memorial Hospital Foundation Inc.	30,832	16,188
Department of Health and Social Services Operating grant	290,090	246,695
Other	223,052	346,705
	$ 854,130	$ 893,354

6. Payables and accruals

	2002	2001
Trade	$ 1,151,762	$ 1,257,530
Deferred salary plan	-	25,757
Riverview Manor Resident Trust Fund	10,714	12,248
	$ 1,162,476	$ 1,295,535

7. Deferred revenue

	Balance Beginning of Year	Grants	Expenses	Balance End of Year
Choice and Opportunity Project	$ 1,092	$ -	$ 1,092	$ -
Capital Projects	31,965	-	31,965	-
Community Health Center	2,700	-	2,700	-
Diabetes Prevention	1,135	-	1,135	-
	$ 36,892	$ -	$ 36,892	$ -

8. Kings County Memorial Hospital Foundation Inc.

The Region has an economic beneficial interest in the Kings County Memorial Hospital Foundation Inc. The primary purpose of the Foundation is to raise funds for the benefit of the Kings County Memorial Hospital. As the Region does not exercise control or significant influence over the Foundation, its activities have not been consolidated within these financial statements except to the extent of actual contributions received during the year.

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9. Revenue - Kings County Memorial Hospital	2002	2001
General services - out patients		
Federal	**$ 1,870**	$ 1,650
Workers' Compensation Board	**49,853**	57,073
Non-residents	**65,920**	78,038
Uninsured services	**9,610**	8,880
General services - in patients		
Federal	**14,175**	-
Workers' Compensation Board	**11,340**	30,485
Non-residents	**46,640**	35,040
Differential charges	**39,310**	75,064
Other income		
Recoveries		
Dietary	**24,480**	27,208
Other	**8,469**	22,881
	$ 271,667	$ 336,319

10. Employment Pathways

Employment Pathways is a program designed to promote employability and employment maintenance for clients of the Southern Kings Health Region and the Eastern Kings Health Region. Southern Kings Health Region is the primary sponsor of the program with funding being provided by Human Resources Development Canada from the Labour Market Development Agreement - Employment Assistance Services fund. The contract for funding under this agreement is for the period of April 30, 2001 to April 26, 2002. Revenues and expenditures for the period ended March 31, 2002 are as follows.

Revenues	
Human Resources Development Canada	$ 158,168
Miscellaneous	2,213
	$ 160,381
Expenditures	
Administration	$ 17,378
Equipment	2,657
Materials, supplies, and services	8,767
Professional and contract services	16,833
Salaries and benefits	109,832
Travel and training	4,914
	$ 160,381

11. Other matters

The Region acts as an agent for the Province of Prince Edward Island for the collection of Riverview Manor resident fees. During the year $910,807 (2001 - $782,422) was collected from residents. The fees collected reduce the funding receivable from the Department of Health and Social Services. These collections are not reflected as revenue in these financial statements.

The Region currently has two legal claims pending. Any losses relating from these claims will be covered under the Province of Prince Edward Island's Self-Insurance and Risk Management Fund. As such, no liability has been accrued in these financial statements.

12. Subsequent events

On April 9, 2002, the Minister of Health and Social Services announced a restructuring plan for the Health and Social Services System. This restructuring includes the amalgamation of the Eastern Kings Health Region and the Southern Kings Health Region into one new health region to be known as the Kings Health Region. The effective date of the amalgamation has not yet been announced.

13. Comparative figures

Certain of the 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002.

Southern Kings Health Region
Schedule of Expenses

Year Ended March 31	2002	2001
Child and Family Services		
Administration	$ 20,004	$ 12,753
Equipment	1,914	10,401
Materials, supplies, and services	2,330	2,122
Professional and contract services	13,113	9,211
Salaries and benefits	1,343,422	1,138,645
Travel and training	49,938	47,104
Financial assistance - social services	3,355,245	3,235,377
	$ 4,785,966	$ 4,455,613
Community Health Center		
Administration	$ 33,004	$ 21,369
Equipment	4,041	11,540
Materials, supplies, and services	4,582	3,204
Salaries and benefits	1,040,997	897,805
Travel and training	26,965	21,080
	$ 1,109,589	$ 954,998
Home Care and Support		
Administration	$ 4,447	$ 6,105
Equipment	377	4,605
Materials, supplies, and services	1,275	1,799
Professional and contract services	19,608	16,548
Salaries and benefits	872,900	787,127
Travel and training	88,694	82,259
	$ 987,301	$ 898,443
Job Creation Program -		
Employment Enhancement Program		
Grants - wage assistance	$ 217,028	$ 207,563
Salaries and benefits	-	747
	$ 217,028	$ 208,310

Southern Kings Health Region
Schedule of Expenses

Year Ended March 31	2002	2001
Seniors Housing		
Central		
Administration	$ 11,975	$ 4,691
Grants - home repair assistance	-	14,598
Materials, supplies, and services	10,454	18,248
Salaries and benefits	71,703	59,975
Travel and training	7,113	6,045
Properties		
Administration - property tax	56,636	53,594
Materials, supplies, and services	267,012	287,287
Professional and contract services	80,180	79,524
	$ 505,073	$ 523,962
Riverview Manor		
Administration	$ 31,454	$ 26,156
Equipment	4,870	34,959
Materials, supplies, and services	307,737	274,085
Professional and contract services	9,660	20,066
Salaries and benefits	2,190,217	2,076,519
Travel and training	3,755	5,240
	$ 2,547,693	$ 2,437,025
Kings County Memorial Hospital		
Administration	$ 56,714	$ 59,096
Building and equipment	198,621	99,872
Materials, supplies and services	742,619	735,637
Professional and contract services	44,343	40,430
Salaries and benefits	3,640,629	3,456,170
Travel and training	18,318	16,291
	$ 4,701,244	$ 4,407,496
Regional Services		
Administration	$ 89,091	$ 66,564
Equipment	17,049	74,142
Materials, supplies and services	12,993	9,970
Professional and contract services	53,139	63,133
Salaries and benefits	563,517	543,328
Travel and training	26,761	31,172
	$ 762,550	$ 788,309

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2002

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AUDITOR'S REPORT

To the Shareholders of Summerside Regional Development Corporation Ltd.

I have audited the consolidated balance sheet of Summerside Regional Development Corporation Ltd. as at March 31, 2002 and the consolidated statements of income and retained earnings (deficit) and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

SUMMERSIDE, P.E.I.

June 14, 2002 CHARTERED ACCOUNTANT

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED BALANCE SHEET
MARCH 31, 2002

	2002	2001
ASSETS		
Cash and deposits	$ 724,549	$ 1,418,293
Accounts receivable (Note 3)	410,881	486,929
Prepaid expenses	62,495	114,573
Leasehold allowances and deferred renovations (Note 4)	756,832	676,470
Properties and equipment (Note 5)	10,613,314	11,038,343
	$12,568,071	$13,734,608
LIABILITIES AND SHAREHOLDERS' EQUITY		
Bank advances	$ 69,000	$ 69,000
Accounts payable and accruals	196,304	251,058
Deferred income	49,120	56,272
Mortgages, debentures and other debt (Note 7)	6,672,587	6,883,168
Deferred capital grants (Note 2) (a)	3,636,650	3,804,622
	10,623,661	11,064,120
Shareholders' equity		
Capital stock (Note 8)	3,475	3,475
Contributed surplus	2,560,945	2,560,945
Retained earnings (deficit)	(620,010)	106,068
	1,944,410	2,670,488
	$12,568,071	$13,734,608

On behalf of the Board

________________________ Director

________________________ Director

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS (DEFICIT)
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Income		
Property income	**$1,963,333**	$2,097,100
Other - interest	**56,617**	94,331
	2,019,950	2,191,431
Expenses		
Property operating expenses	**1,142,295**	1,039,548
Property taxes	**260,030**	240,723
Depreciation (net of amortization of deferred capital grants)	**360,214**	378,205
Amortization of leasehold allowances and deferred renovations	**187,277**	105,870
General and administrative	**406,198**	391,029
Promotion and development	**10,812**	10,921
Interest on long-term debt	**378,944**	451,749
Other interest and bank charges	**258**	120
	2,746,028	2,618,165
Net loss for the year	**(726,078)**	(426,734)
Retained earnings, beginning of year	**106,068**	532,802
Retained earnings (deficit), end of year	**$ (620,010)**	$ 106,068

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001
Cash provided by (used in)		
Operating activities		
Net loss for the year	$ (726,078)	$ (426,734)
Items not involving cash:		
Depreciation	528,186	552,334
Amortization of leasehold allowance and deferred renovations	187,277	105,870
Amortization of deferred capital grants	(167,972)	(174,130)
	(178,587)	57,340
Net change in		
Accounts receivable	76,048	103,004
Prepaid expenses	52,078	(23,245)
Bank advances	-	(6,500)
Accounts payable and accruals	(54,754)	(23,339)
Deferred income	(7,152)	15,124
	(112,367)	122,384
Financing activities		
Repayment of long-term debt	(210,581)	(197,357)
Investing activities		
Additions to properties and equipment	(103,657)	(78,668)
Proceeds on disposal of properties and equipment	500	-
Increase in leasehold allowances	(267,639)	-
Increase in deferred capital grants	-	5,000
	(370,796)	(73,668)
Decrease in cash	(693,744)	(148,641)
Cash and deposits, beginning of year	1,418,293	1,566,934
Cash and deposits, end of year	$ 724,549	$ 1,418,293

The accompanying notes are an integral part of these financial statements

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

1. Principles of Consolidation

The consolidated financial statements include the financial statement of the company and the following wholly-owned subsidiary:

Summerside Cultural Development Corporation Ltd.

The purchase method has been used to account for all acquisitions.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Outlined below are those policies considered particularly significant for the company.

(a) Depreciation and Amortization

The straight-line method of depreciation is being used for all assets at rates based on the estimated useful lives of the assets.

Government assistance received prior to March 31, 1976 on properties and equipment is treated as contributed surplus.

Government assistance and foundation grants received for properties and equipment additions subsequent to March 31, 1976 are treated as deferred capital grants and are amortized to revenue on the same basis as depreciation is computed on the assets to which they apply. In all instances assets are reflected at full cost with no reduction for grants.

(b) Income and Expenses
Revenues and expenses are recorded using the accrual basis of accounting.

(c) Leasehold Allowances
Leasehold allowances given to tenants are amortized to earnings over the term of the lease to which they relate.

(d) Corporation Status
The corporation and its subsidiary are non-taxable entities under the provisions of the Income Tax Act.

3. **Accounts Receivable**	2002	2001
Tenants	**$119,568**	$ 97,454
Other	**291,313**	389,475
	$410,881	$486,929

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

4. Leasehold Allowances and Deferred Renovations

	2002			2001
	Cost	Accumulated Amortization	Net	Net
Deferred charges for tenant improvements	$1,143,905	$ 387,073	$756,832	$676,470

5. Properties and Equipment

	2002			2001
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Waterfront Properties				
Waterfront Shopping Centre	$ 7,597,804	$ 3,488,036	$ 4,109,768	$ 4,256,328
120 Harbour Drive	2,557,567	1,317,641	1,239,926	1,332,714
109 Water Street	544,935	340,917	204,018	213,359
Spinnakers' Landing	1,640,634	756,519	884,115	952,892
Wyatt Centre	3,384,119	799,733	2,584,386	2,712,939
Main Site Services and Seawall	749,264	555,145	194,119	197,187
Furniture and equipment	202,724	150,107	52,617	28,559
Other property held for development	1,344,364	-	1,344,364	1,344,364
Yacht Club & Marina	1	-	1	1
	$18,021,412	$ 7,408,098	$10,613,314	$11,038,343

The estimated useful lives used to calculate depreciation on the above capital assets are as follows:

Buildings	20,25 and 40 years
Pavement	10 years
Equipment	3,4,5,7,10,15,20,25 and 40 years
Main site service	90 years
Seawall	25 years

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

6. **Long-term Lease**

In 1982 the assets of the Yacht Club and Marina had been transferred to the Silver Fox Curling and Yacht Club under the terms of a 54 year lease agreement. The balance of the debt on these has been retained by Summerside Regional Development Corporation Ltd. and is to be repaid from funds derived from the remaining assets of the Corporation. A subsequent agreement had been reached in 1993 which defers any rental charges for the property.

7. **Mortgages, Debentures and Other Debt**

	2002	2001
Banker's Acceptance Loan, TD Canada Trust, secured by a general security agreement.	**$3,000,000**	$3,000,000
6.5% term loan, TD Canada Trust repayable in monthly installments of $21,600 including principal and interest, secured by a general security agreement.	**2,182,629**	2,298,392
6.4% term loan, TD Canada Trust, due 2003, repayable in monthly installments of $8,610 including principal and interest, secured by a general security agreement.	**830,726**	879,849
8% first mortgage payable, Province of Prince Edward Island, due January 15, 2005. Interest is repayable in three annual installments of $36,000 commencing January 15, 2003. The mortgage is secured by the office building at 120 Harbour Drive.	**450,000**	450,062
7.25% term loan, TD Canada Trust, due 2005, repayable in monthly installments of $971 including principal and interest, secured a by a general security agreement.	**89,456**	94,517
Marina Centre serial debenture payable, Province of Prince Edward Island, due 2005, repayable in annual installments of $20,875 including interest at 8% per annum.	**53,795**	69,139

SUMMERSIDE REGIONAL DEVELOPMENT CORPORATION LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2002

7. Mortgages, Debentures and Other Debt (con't)

	2002	2001
6.5% term loan, TD Canada Trust, due 2003, repayable in monthly installments of $1,752 including principal and interest, secured by a general security agreement.	32,147	50,423
Marina Centre and site reclamation serial debenture payable, Province of Prince Edward Island, due 2006, repayable in annual installments of $10,215 including interest at 8% per annum.	33,834	40,786
	$6,672,587	$6,883,168

TD Canada Trust General Security Agreement

As security the TD Canada Trust holds a collateral mortgage on the shopping centre, 120 Harbour Drive office building and 109 Water Street office building, assignment of insurance and a general assignment of book debts and rents.

8. Capital Stock

	2002	2001
Authorized		
100,000 common shares without par value.		
Issued		
99,993 common shares	$ 3,475	$ 3,475

9. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

10. Contingencies

Legal proceedings have been filed which may result in further claims against the company for incidents which arose in the ordinary course of business. The results of the legal proceedings are not currently determinable. In the opinion of management, they will involve amounts that would not have a material adverse effect on the consolidated position of the company.

Tourism PEI

Consolidated Financial Statements
March 31, 2002

April 26, 2002

Auditors' Report

To the Minister of Tourism

We have audited the consolidated balance sheet of **Tourism PEI** as at March 31, 2002 and the consolidated statements of earnings, retained earnings (deficit) and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Tourism PEI

Consolidated Balance Sheet
As at March 31, 2002

	2002 $	2001 $
Assets		
Current assets		
Cash	1,803,727	1,243,737
Accounts receivable (note 7)	1,157,265	1,035,026
Inventory	116,022	164,919
Prepaid expenses	43,110	17,659
	3,120,124	2,461,341
Production costs, less accumulated amortization of $362,017 (2001 – $180,500)	-	181,517
Capital assets (note 3)	8,648,047	9,011,327
	11,768,171	11,654,185
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,848,597	1,350,207
Due to the Province of Prince Edward Island (note 4)	1,197,065	1,231,756
Promissory notes (note 5)	800,000	300,000
Current portion of long-term debt	642,165	761,207
	4,487,827	3,643,170
Long-term debt, less current portion (note 6)	7,363,128	7,805,293
	11,850,955	11,448,463
Shareholders' Equity (Deficiency)		
Retained earnings (deficit)	(82,784)	127,608
Contributed surplus (note 10)	-	78,114
	(82,784)	205,722
	11,768,171	11,654,185

Approved by the Corporation

_______________________________ Minister

Tourism PEI

Consolidated Statement of Retained Earnings (Deficit)

For the year ended March 31, 2002

	2002 $	2001 $
Retained earnings – Beginning of year	127,608	831,787
Excess expenses for the year	(288,506)	(704,179)
	(160,898)	127,608
Transfer of contributed surplus (note 10)	78,114	-
Retained earnings (deficit) – End of year	(82,784)	127,608

Tourism PEI

Consolidated Statement of Earnings

For the year ended March 31, 2002

	2002		2001
	Budget (unaudited) $	**Actual $**	**Actual $**
Revenue			
Grants from Province of Prince Edward Island	9,744,500	10,505,735	8,879,062
Tourism Marketing Authority	1,768,570	1,527,272	1,665,115
Brookvale Ski Park	220,000	239,891	325,795
Provincial Parks	540,400	795,529	723,019
Visitor Services	130,000	155,420	142,935
Licensing fees	-	136,241	114,638
Interest and miscellaneous	-	6,092	38,933
Golf Links operations	5,450,200	5,206,683	4,960,328
	17,853,670	18,572,863	16,849,825
Expenses			
Administration	879,300	797,955	735,107
Tourism Marketing Authority	4,668,570	5,145,195	4,073,766
Brookvale Ski Park	386,400	418,920	411,365
Provincial Parks	2,028,400	2,639,086	2,375,711
Visitor Services	605,400	636,859	717,240
Tourism Development	2,032,600	1,909,294	1,640,037
Tourism Marketing	1,555,000	1,565,502	1,572,497
Research	168,900	174,469	129,350
French Services	78,900	78,900	234,424
Golf Links operations	4,747,500	4,869,597	5,230,854
Amortization – Golf Links	630,800	625,592	436,953
	17,781,770	18,861,369	17,557,304
	71,900	(288,506)	(707,479)
Other income			
Gain on sale of capital assets – Golf Links	-	-	3,300
Excess revenue (expenses) for the year	71,900	(288,506)	(704,179)

Tourism PEI

Consolidated Statement of Cash Flows

For the year ended March 31, 2002

	2002 $	2001 $
Cash provided by (used in)		
Operating activities		
Excess expenses for the year	(288,506)	(704,179)
Items not affecting working capital		
Amortization of capital assets	625,592	436,953
Amortization of production costs	181,517	180,500
Gain on sale of capital assets	-	(3,300)
	518,603	(90,026)
Net change in non-cash working capital items		
– increase in accounts receivable	(122,239)	(124,599)
– decrease (increase) in inventory	48,897	(64,146)
– decrease (increase) in prepaid expenses	(25,451)	837
– increase in accounts payable and accrued liabilities	498,390	618,124
– increase (decrease) in due to the Province of P.E.I.	(34,691)	223,155
– decrease in deferred revenue	-	(450,000)
	883,509	113,345
Financing activities		
Increase in promissory notes	500,000	300,000
Proceeds on long-term debt	250,000	7,823,000
Repayment of long-term debt	(811,207)	(501,500)
	(61,207)	7,621,500
Investing activities		
Purchase of capital assets	(264,027)	(7,816,263)
Proceeds on sale of capital assets	1,715	3,300
Decrease in other asset	-	56,360
	(262,312)	(7,756,603)
Net change in cash	559,990	(21,758)
Cash – Beginning of year	1,243,737	1,265,495
Cash – End of year	1,803,727	1,243,737

1 Basis of presentation

Consolidation

These financial statements include the operations of Tourism PEI and its wholly-owned subsidiary, Golf Links Prince Edward Island Inc.

Status of the corporation

Tourism PEI became a Crown corporation, effective March 31, 1999, under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The objectives of Golf Links Prince Edward Island Inc. are to maintain and operate the provincial golf courses.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies used in the preparation of these financial statements.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Capital assets

Tourism PEI expenses capital assets in the period purchased except for real property acquired by the company which is recorded as an asset.

Golf Links Prince Edward Island Inc. records at cost capital assets having a useful life of greater than one year as an asset in the period purchased.

Amortization

Capital assets related to the construction of the playing areas of the Dundarave Golf Course are not amortized.

Amortization is calculated using the straight-line method at the annual rates as indicated in note 3. One-half the normal annual rate of amortization is recorded in the year of acquisition.

Due to the Province of Prince Edward Island

Current operations

Excess revenue for the year for Tourism PEI is recorded as a reduction in Grants – Province of Prince Edward Island and as an amount due to the Province of Prince Edward Island. Golf Links Prince Edward Island Inc. records excess revenue (expenses) as an increase (decrease) in retained earnings.

Revenue recognition

Grants from the Province of Prince Edward Island are recorded as revenue when received. Revenue from Tourism Marketing Authority activities is recorded when billed and revenue from park operations, services, sales, rentals and Golf Links Prince Edward Island Inc. operations fees is recorded when earned. Excess revenue for the year is recorded as a reduction in Grants – Province of Prince Edward Island and as an amount due to the Province of Prince Edward Island.

Government grants funded by the federal government or a federal-provincial cost-shared agreement, received related to operations, are recorded as revenue in the period in which the related expenses are recorded. Unexpended amounts as at the year end are recorded as deferred revenue.

Expenses are recorded in the period in which the related goods and services are consumed except for Tourism Marketing Authority and program grants included in Tourism Development and Tourism Marketing expenses. Tourism Marketing Authority expenditures are recorded in the period the goods and services are acquired and a liability incurred. Program grant expenditures are recorded in the period in which the funds are approved for disbursement.

Vacation pay and pension liabilities

The staff of Tourism PEI and Golf Links Prince Edward Island Inc. are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI and Golf Links Prince Edward Island Inc. are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the company and no liability for these costs has been accrued by the company at March 31, 2002.

Management estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period.

Fair value of financial instruments

The Corporation has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. The carrying value of financial instruments is considered to approximate fair value.

Government assistance

Government grants, funded by the federal government or a federal-provincial cost shared agreement, received relating to operations are recorded as revenue in the period in which the related expenses are recorded.

Federal and provincial government grants received related to capital assets are recorded as a reduction in the cost of the related assets in the period purchased. Unexpended amounts as at the year end are recorded as an accrued liability. During the year, Tourism PEI received federal government grants of $150,000 and a grant of $50,000 from the Department of Development and Technology of the Province of Prince Edward Island which have completely offset the cost of capital projects in the year.

3 Capital assets

				2002	2001
	Amortization Rate %	Cost $	Accumulated amortization $	Net $	Net $
Land and buildings - Mill River Fun Park (note 9)		1	-	1	-
Dundarave golf course		6,122,211	-	6,122,211	6,122,211
Land improvements and paving	10 - 20	350,792	41,875	308,917	338,404
Computer equipment and software	20	124,139	45,999	78,140	102,968
Power cars	20	1,002,802	562,087	440,715	641,276
Rental equipment	20	14,660	6,930	7,730	10,663
Equipment	10 - 20	2,131,145	629,118	1,502,027	1,614,961
Vehicles	20	75,513	31,739	43,774	32,818
Buildings	10	188,065	43,533	144,532	148,026
		10,009,328	1,361,281	8,648,047	9,011,327

4 Due to the Province of Prince Edward Island

	2002 $	2001 $
Current operations		
Excess revenue for the year – Tourism PEI	(1,197,065)	(1,231,756)

5 Promissory notes

The promissory notes, due April 2002, bear interest at 2.40% and are repayable to the Department of Provincial Treasury of Prince Edward Island. The notes are unsecured.

6 Long-term debt

	2002 $	2001 $
6.85% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2004, repayable $221,000 annually plus interest	442,000	663,000
6.73% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2005, repayable $35,000 annually plus interest	105,000	140,000
6.63% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2005, repayable $65,000 annually plus interest	195,000	260,000
6.19% loan from the Department of Provincial Treasury of Prince Edward Island, due December 7, 2005, repayable $615,312 annually including interest	6,764,893	6,950,000
5.72% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $74,600 annually plus interest	298,400	373,000
5.93% loan from the Department of Provincial Treasury of Prince Edward Island, due March 31, 2006, repayable $50,000 annually plus interest	200,000	-
6.25% loan from the Department of Provincial Treasury of Prince Edward Island, repaid during the year	-	180,500
	8,005,293	8,566,500
Less: Current portion	642,165	761,207
	7,363,128	7,805,293

The long-term debt is unsecured.

The aggregate amount of principal payments required over the next five years to meet retirement provisions are as follows:

	$
Year ending March 31, 2003	642,165
2004	654,333
2005	446,253
2006	359,973
2007	249,943

7 Related party transactions

During the year, the companies utilized office premises of a department of the Province of Prince Edward Island for nil consideration.

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI has paid nil consideration for utilizing these facilities.

Golf Links Prince Edward Island Inc. rents three provincial golf courses from the Province of Prince Edward Island for nil consideration.

During the 1999 year, the Province of Prince Edward Island transferred capital assets utilized in maintenance and operation of the three provincial golf courses to Golf Links Prince Edward Island Inc. In accordance with the terms of the transfer, the exchange and carrying amounts of the capital assets was established as $1.

The Province of Prince Edward Island has contributed pro shop inventory to Golf Links Prince Edward Island Inc. The inventory was recorded as inventory and contributed surplus based on original cost.

Included in accounts receivable is an amount of $50,000 (2001 – nil) due from a department of the Province of Prince Edward Island.

During the year, both companies paid a total of $552,249 (2001 – $294,869) in interest to the Department of Provincial Treasury of Prince Edward Island.

During the year, the companies received nil (2001 – $150,000) in grants funded by federal-provincial cost shared agreements to assist in projects to occur in the 2001 fiscal year.

During the year, Golf Links Prince Edward Island Inc. received $39,100 from the Province's Golf Insurance Program to cover storm damage at the provincial golf courses which occurred after the operating season. In addition, the company received $7,892 during the year from Environmental Industrial Services Inc., a provincial Crown corporation, to cover the cost of repairing damages occurring at one of the courses. As the repair work associated with these claims has not been performed as at March 31, 2002, the total proceeds of $47,082 has been included in accounts payable and accrued liabilities at year end and will be recorded as a cost recovery in the 2003 fiscal year.

8 Commitments

The minimum annual lease payments required over the next five years by Golf Links Prince Edward Island Inc. under operating leases for base rental of premises in Brudenell and Mill River expiring in August 2004 and 2075 are as follows:

	$
Year ending March 31, 2003	101,809
2004	101,809
2005	23,453
2006	1
2007	1

In addition to the base lease rentals, there is a requirement to pay the company's pro-rata share, based on rented space, of the operating costs including property taxes of the premises.

9 Mill River Fun Park

During the year, Tourism PEI was conveyed land in Bloomfield from Mill River Fun Park Ltd. and the Province of Prince Edward Island at a nominal value. In addition, the company purchased various buildings and equipment from Mill River Fun Park Ltd during the year at a nominal value. The land, buildings and equipment are used in the operation of the Mill River Fun Park, and this operation is included in Provincial Parks revenue and expenditures of the company in the 2002 fiscal year.

In accordance with the terms of the land conveyances and assets purchase, the exchange and carrying amounts of the land and buildings acquired were established at the nominal amount of $1.

10 Contributed surplus

Effective March 31, 2002, the Board of Golf Links Prince Edward Island Inc. approved the transfer of the contributed surplus balance of $78,114 in the company to reduce the balance of the deficit at the end of the fiscal year.

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West Prince Health Region
Financial Statements
March 31, 2002

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Auditors' Report

To the Members of the Board of
West Prince Health Region:

We have audited the balance sheet of West Prince Health Region as at March 31, 2002 and the statements of revenue and expenses, cash flows, and tangible capital assets for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Summerside, Prince Edward Island

May 30, 2002

Chartered Accountants

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West Prince Health Region
Statement of Revenue and Expenses

Year Ended March 31	2002	2001
Revenue		
Department of Health and Social Services	$ 18,562,298	$ 17,404,822
Patient / Client fees	504,869	475,702
Other (Note 5)	290,092	99,851
Donations	123,759	96,113
Special projects	71,667	136,282
Interest	13,220	9,302
	19,565,905	18,222,072
Expenses		
Child and Family Services	5,695,716	5,313,873
Community Hospital	4,161,400	3,861,974
Western Hospital	3,883,527	3,507,905
Maplewood Manor	2,951,670	2,794,651
Home Care and Support	1,240,645	1,192,529
Community Grants	517,196	470,996
Housing Services	261,662	268,069
Public Health Nursing	257,896	259,069
Addictions	216,015	175,597
Job Creation program	199,178	232,243
Community Development	181,000	145,166
	19,565,905	18,222,072
Excess of revenue over expenses	$ NIL	$ NIL

West Prince Health Region
Balance Sheet

March 31	2002	2001
Assets		
Current		
Cash - unrestricted	$ 172,428	$ 586,631
Cash - restricted	19,908	23,883
Receivables (Note 3)	1,557,532	1,218,564
Prepaid expenses	105,441	103,741
	$ 1,855,309	1,932,819

	2002	2001
Liabilities		
Current		
Payables and accruals (Note 4)	$ 1,841,375	$ 1,920,231
Funds held in trust	13,934	12,588
	$ 1,855,309	1,932,819

On behalf of the Board

____________________ Board Member ____________________ Board Member

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Cash Flows

Year Ended March 31	2002	2001
Increase (decrease) in cash and cash equivalents		
Operating		
Cash - restricted	$ 3,975	$ 13,187
Receivables	(338,968)	429,877
Prepaid expenses	(1,700)	(30,091)
Payables and accruals	(78,856)	121,144
Funds held in trust	1,346	410
Net (decrease) increase in cash and cash equivalents	(414,203)	534,527
Cash and cash equivalents, beginning of year	586,631	52,104
Cash and cash equivalents, end of year	$ 172,428	$ 586,631

See accompanying notes to the financial statements.

West Prince Health Region
Statement of Tangible Capital Assets

Year Ended March 31

						2002	2001
	Land	Pavement	Buildings	Equipment	Vehicle	**Total**	Total
Cost of Tangible Capital Assets							
Opening cost	$ 50,917	$ 10,223	$ 20,389,006	$ 4,144,605	$ 21,510	**$ 24,616,261**	$ 24,480,466
Additions	-	-	-	151,458	-	**151,458**	135,795
Closing cost	50,917	10,223	20,389,006	4,296,063	21,510	**24,767,719**	24,616,261
Accumulated Depreciation							
Opening balance	-	10,223	3,681,856	2,474,316	14,132	**6,180,527**	5,470,851
Add: depreciation	-	-	509,725	201,278	2,213	**713,216**	709,676
Closing balance	-	10,223	4,191,581	2,675,594	16,345	**6,893,743**	6,180,527
Net Carrying Amount of Tangible Capital Assets	$ 50,917	$ NIL	$ 16,197,425	$ 1,620,469	$ 5,165	**$ 17,873,976**	$ 18,435,734

See accompanying notes to the financial statements.

1. Nature of operations

West Prince Health Region, a non-profit organization , operates under the Region of the Health and Community Services Act, Part III (the "Act"). West Prince Health Region commenced operations on April 5, 1994 when the Health and Community Services Agency (the "Agency") approved the establishment of the regional health authorities as provided under the Act. The Agency Board also approved the core services that must be available and reasonably accessible to all residents of West Prince.

The core services that are managed by West Prince Health on behalf of residents of West Prince and the Province of Prince Edward Island are:

Program / Service

Child and Family Services
Community Hospital
Western Hospital
Maplewood Manor
Home Care and Support
Community Grants
Housing Services
Public Health Nursing
Addictions
Physician Services
Job Creation Program
Community Development
Mental Health

2. Summary of significant accounting policies

Revenue recognition

West Prince Health follows the deferral method of accounting for grants for special projects. Grants restricted for special projects are recognized as revenue in the year in which the related expenses are incurred. Unrestricted amounts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

2. Summary of significant accounting policies (cont'd)

Financial support overpayments

Financial support overpayments are recorded as receivable when identified with a full provision as a doubtful account. Recoveries of financial support overpayments are credited to financial support expenditures when received.

Tangible capital assets

Tangible capital assets are expensed as a component of program costs in the year of acquisition. During the year, capital asset purchases of $151,458 (2001 - $135,795) were expensed. The Region received designated funding for capital purchases in the amount of $132,287 (2001 - $78,159) during the year.

Inventory

Inventory in the amount of $211,302 (2001 - $235,923) has not been reflected on the balance sheet.

Vacation pay

Vacation pay is recorded as a liability when earned.

Pension plans

Employees of West Prince Health belong to different pension plans according to their historical workplace. Hospital employees are part of the uniform pension plan for employees of all Prince Edward Island hospitals. All other employees are part of the uniform pension plan of the civil service of Prince Edward Island. The hospital pension plan is a defined benefit pension plan for basic pension contributions and defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report date January 1, 2000 employer contributions to the pension plan are sufficient to meet the requirements of the plan and a pension fund surplus existed at that date. The civil service pension plan is the defined benefit pension plan of the Province of Prince Edward Island. For employees belonging to this plan, the employer's share of the benefits plus any additional future actuarial liabilities are assumed by the Province of Prince Edward Island. These pension plans are not reflected in the financial statements.

General

These financial statements do not include the assets, liabilities and activities of the O'Leary Community Health Foundation Inc. or the Western Hospital Foundation Inc. or the auxiliaries.

2. Summary of significant accounting policies (cont'd)

Other

West Prince Health Region acts as an agent for the Province of Prince Edward Island for the collection of revenue for certain regional programs. During the year revenue was collected in the following areas:

Maplewood Manor
Housing Services
Home Care and Support
Public Health Nursing

Revenues collected are not reflected in the body of the financial statements.

3. Receivables

	2002	2001
Financial support overpayments	$ 184,400	$ 175,361
Patients	128,655	82,771
Other	227,161	379,002
Department of Health and Social Services	1,201,716	756,791
	1,741,932	1,393,925
Less: allowance for doubtful accounts	184,400	175,361
	$ 1,557,532	$ 1,218,564

4. Payables and accruals

	2002	2001
Trade	$ 591,992	$ 717,054
Salaries and benefits	1,172,624	1,106,410
Deferred revenue - Department of Health and Social Services	67,400	8,531
Deferred revenue - other	9,359	88,236
	$ 1,841,375	$ 1,920,231

West Prince Health Region
Notes to the Financial Statements
March 31, 2002

5. Other income

	2002	2001
Cafeteria sales	$ 74,721	$ 74,610
Salary recovery	69,015	11,991
Mental Health grants	55,000	-
Disability Support Program	21,976	-
Child Protection Act	20,400	-
Department of Health and Social Services	13,165	-
Other sales	18,459	4,917
Capital grants	8,528	-
Rental	6,694	5,142
Outpatient department recoveries	2,134	3,191
	$ 290,092	$ 99,851

6. Physician services

During the year, the Region paid $199,870 in relation to physician services at Western Hospital.

7. Comparative figures

Certain comparative figures have been restated to agree to the financial statement presentation adopted in the current year.

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Western School Board
Financial Statements
June 30, 2001

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Auditors' Report

To the Board of School Trustees
of Western School Board

We have audited the operating and capital fund balance sheets of Western School Board as at June 30, 2001 and the statements of revenue, expenses and operating deficit and capital surplus for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian general accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles adopted for Prince Edward Island Regional School Boards.

Grant Thornton LLP

Summerside, Prince Edward Island

November 9, 2001

Chartered Accountants

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Western School Board
Statement of Revenue, Expenses and Operating Deficit

Year Ended June 30		2001		2000	
Revenue			%		%
Grants from the Department of Education					
Administration		$ 543,700	1.2	$ 518,700	1.2
Capital expenditures		647,319	1.4	606,919	1.5
Instructional supplies		539,400	1.2	513,000	1.2
Inservice		9,600		9,600	
Professional development		30,500	0.1	30,200	0.1
Salaries and benefits		36,325,952	79.2	34,585,981	83.2
Maintenance and operation		1,991,800	4.3	1,924,700	4.6
Transportation		658,500	1.4	606,200	1.5
Other revenue (Note 5)		53,449	0.1	77,097	0.2
Unfunded depreciation		1,722,813	3.8	1,699,459	4.1
Special projects					
Education Alternative Program		120,000	0.3	120,000	0.3
Other		103,352	0.2	45,330	0.1
School repairs		2,698,796	5.9	831,625	2.0
Fuel Adjustment Grant		418,500	0.9		
		45,863,681	100.0	41,568,811	100.0
Expenses	Page				
Administration	9	722,740	1.6	689,323	1.6
Capital expenditures	10	543,283	1.2	609,632	1.5
Instructional supplies	11	629,211	1.4	683,910	1.6
Inservice		9,175		5,996	
Professional development	12	74,147	0.1	58,977	0.1
Salaries and benefits	13	36,323,444	78.5	34,316,400	81.6
Maintenance and operation	14	2,634,569	5.7	2,334,273	5.6
Transportation	15	717,283	1.5	662,142	1.6
Depreciation		1,722,813	3.7	1,699,459	4.0
Special projects					
Other		103,252	0.2	45,783	0.1
School repairs	10	2,673,796	5.8	831,625	2.0
Education Alternative Program		120,000	0.3	120,000	0.3
		46,273,713	100.0	42,057,520	100.0
Deficiency of revenue over expenses		$ (410,032)		$ (488,709)	

Operating (deficit) surplus, beginning of year	$ (461,117)	$ 27,592
Deficit reduction grant	461,117	
Deficiency of revenue over expenses	(410,032)	(488,709)
Operating deficit, end of year	$ (410,032)	$ (461,117)

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Operating Fund

June 30	2001	2000
Assets		
Current		
Cash	$ 108,494	$ 40,659
Receivables		
Grants, Province of Prince Edward Island	2,017,916	2,623,209
Miscellaneous (Note 3)	406,098	202,369
	2,532,508	2,866,237
Trust Funds (Note 4)	115,387	114,561
	$ 2,647,895	$ 2,980,798
Liabilities		
Current		
Payables and accruals		
General	$ 470,432	$ 387,176
Salaries and benefits	1,816,312	2,206,182
Province of P.E.I. - current operations	522,051	682,080
Deferred revenue	133,745	51,916
	2,942,540	3,327,354
Trust Funds (Note 4)	115,387	114,561
	3,057,927	3,441,915
Deficit		
Operating deficit	(410,032)	(461,117)
	$ 2,647,895	$ 2,980,798

On behalf of the Board

_____________________ Trustee _____________________ Trustee

See accompanying notes to the financial statements.

Western School Board
Balance Sheet - Capital Fund

June 30			2001	2000
Assets				
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 918,876		**$ 918,876**	$ 918,876
Buildings	62,929,305	$ 20,063,244	**42,866,061**	41,487,883
Furniture and equipment	9,908,597	8,373,506	**1,535,091**	1,692,903
Paving	251,172	167,339	**83,833**	111,777
Buses	6,607,576	5,173,496	**1,434,080**	1,404,402
Service vehicles	98,501	98,501		
	$ 80,714,027	$ 33,876,086	**$ 46,837,941**	$ 45,615,841

	2001	2000
Surplus		
Capital surplus (Page 5)	**$ 46,837,941**	$ 45,615,841

On behalf of the Board

______________________ Trustee ______________________ Trustee

See accompanying notes to the financial statements.

Western School Board
Statement of Capital Surplus

Year Ended June 30	2001	2000
Capital surplus, beginning of year	**$ 45,615,841**	$ 46,192,950
Add:		
Major renovations - buildings	**2,477,307**	653,410
Buses	**354,519**	329,219
Furniture and equipment	**113,087**	
Paving		139,721
	2,944,913	1,122,350
Deduct:		
Depreciation		
Buildings	**1,099,130**	1,063,792
Buses	**324,840**	286,685
Furniture and equipment	**270,899**	298,748
Paving	**27,944**	50,234
	1,722,813	1,699,459
Capital surplus, end of year	**$ 46,837,941**	$ 45,615,841

See accompanying notes to the financial statements.

1. Nature of operations

The Board operates as a not-for-profit organization that provides for primary and secondary education requirements for people within their jurisdiction.

2. Summary of significant accounting policies

Depreciation

Depreciation is recorded on the diminishing balance basis for buildings at the rate of 2.5% and furniture and equipment at the rate of 15%. Depreciation is recorded on the straight line basis for school buses at 12% and service vehicles and pavement at the rate of 20%.

Capitalization of fixed assets

Land, buildings, furniture and equipment are shown at values carried in the accounts of the former school boards at June 30, 1972 with subsequent additions at cost. Buses are recorded at cost. Effective July 1, 1995 pavement additions are shown separately in the Capital Fund. Prior to July 1, 1995, pavement additions were included with buildings.

Only those purchases which exceed $25,000 are capitalized in the Capital Fund. The total capital expenditures and related capital grants are reported on the Statement of Revenue, Expenses and Operating Surplus. The allocation of amounts capitalized is disclosed on the Schedule of Capital Expenditures (Page 10).

Schools constructed and renovated by the Prince Edward Island Department of Public Works and school buses purchased by the Provincial Government are recorded as property and equipment in the capital fund when title is passed.

Unfunded depreciation on property and equipment

Unfunded depreciation on property and equipment is a revenue amount offsetting depreciation expense. The Department of Education does not fund depreciation on a current basis.

Commitments

Included in payables and accruals are outstanding commitments of $95,941 (2000 - $62,297) pertaining to the school year for which the goods and services are to be received or provided subsequent to year end.

2. Summary of significant accounting policies (cont'd)

Inventories, at the lower of cost and net realizable value

Bus parts inventory in the amount of $159,321 (2000 - $159,112) and classroom supplies on hand have not been reflected on the Balance Sheet. All such supplies have been written off when purchased.

Vacation pay and service gratuities

No liability has been recorded in these financial statements for accrued but unpaid vacation pay and service gratuities. The Board receives direct funding from the Province of Prince Edward Island on an annual basis to cover such costs.

Deferred revenue

The unexpended portion of grants received for specific purchases is deferred and used for the related future purchases.

Pension plans

Instructional employees of the Board are members of defined benefit pension plans of the Province of Prince Edward Island. The expense of the Board is limited to current year contributions as any shortfall in funding of the pension plan is the responsibility of the Province of Prince Edward Island. Non-instructional employees are members of a defined benefit / defined contribution pension plan. The expense of the Board is limited to a matching contribution equal to the employee's portion. In addition, the Province of Prince Edward Island provides grants to fund the Board's portion of contributions to the pension plan.

3. Accounts receivable

Included in accounts receivable is $44,127 to be reimbursed by the Department of Agriculture and Forestry regarding cancellation of Kensington Intermediate Senior High School Band European Tour.

4. Trust funds

Trust funds are comprised of contributions from various sources that are maintained by the Board. The interest that is earned on the contributions may be disbursed for specified educational purposes.

5. Other revenue

	2001	2000
Interest	$ **23,411**	$ 41,248
Rentals	**25,760**	28,871
Sale of assets	**3,844**	3,128
Miscellaneous	**434**	3,850
	$ **53,449**	$ 77,097

Western School Board
Schedule of Administration Expenses

Year Ended June 30	2001	2000
Advertising	$ 30,258	$ 16,354
Bank charges	959	
Computer software	319	997
Courier services	21,755	19,504
Employee allowances	172	264
Freight and express	839	1,041
Graduation expenses	4,001	1,990
Insurance	61,090	62,033
Miscellaneous	1,224	2,925
Non-capital equipment	19,724	43,900
Photocopying	10,239	12,848
Postal services	17,582	17,750
Printing	27,582	31,215
Professional services	115,483	59,879
Public/staff relations	28,778	28,285
Rental - equipment/facilities	20	179
Student relations	6,526	9,913
Supplies	44,288	39,317
Telephone	143,955	163,657
Travel - staff	126,584	115,400
Trustee expenses	12,226	14,975
Trustee professional development	19,511	16,747
Trustee remuneration	29,625	30,150
	$ 722,740	$ 689,323

Western School Board
Schedule of Capital Expenditures

Year Ended June 30	Greater than $25,000	Less than $25,000	**Total 2001**	Total 2000
Audio visual equipment		$ 2,602	**$ 2,602**	$ 5,077
Building renovations	$ 2,477,307	85,504	**2,562,811**	717,208
Classroom equipment, furniture	113,087	7,342	**120,429**	7,350
Communications equipment		5,533	**5,533**	6,718
Computer equipment				
- administration		51,581	**51,581**	84,350
- program		26,160	**26,160**	17,804
- transportation		2,146	**2,146**	1,776
Janitorial equipment		723	**723**	4,776
Maintenance equipment		10,732	**10,732**	23,221
Miscellaneous equipment		1,022	**1,022**	2,302
Music equipment		16,603	**16,603**	15,384
Office/administration equipment & furniture		11,789	**11,789**	
Paving				139,721
Physical education equipment		68	**68**	1,910
Playground equipment		2,050	**2,050**	11,800
School buses	354,519	10,120	**364,639**	332,763
Service vehicles				47,575
Storage tanks		19,260	**19,260**	10,971
Vehicle repair equipment		3,106	**3,106**	
Vocational equipment		15,825	**15,825**	10,551
	$ 2,944,913	$ 272,166	**$ 3,217,079**	$ 1,441,257

The above totals are comprised of the following:

	2001	2000
Capital expenditures	**$ 543,283**	$ 609,632
Special projects - school repairs	**2,673,796**	831,625
	$ 3,217,079	$ 1,441,257

Western School Board
Schedule of Instructional Expenses

Year Ended June 30	2001	2000
Program		
Art	$ 13,800	$ 10,628
A / V services	19,825	23,840
Career and technology studies	16,997	18,228
Computer literacy	9,690	9,734
Computer software	4,137	2,432
Co-operative education	12	128
Drama	1,284	1,223
Duplicating / photocopying	138,193	146,421
English / language arts	2,441	1,465
Enrichment education	219	107
Family living / home economics	13,925	11,793
French	1,572	2,439
Guidance	5,039	5,818
Health / first aid	2,880	2,739
Industrial arts	22,910	42,487
Language development	1,428	
Library / resource centre	58,096	55,105
Mathematics	99	657
Miscellaneous	1,399	303
Music	65,459	66,028
Non-capital equipment	32,903	67,923
Occupational education		1,729
Physical education	32,545	29,829
Resource room / remedial	2,302	1,721
School psychologist	1,557	3,458
Science	15,843	11,633
Social studies	841	610
Special education	14,629	11,502
Supplies	85,483	90,889
Vocational (agricultural)	380	122
Vocational (business)	1,637	1,681
Vocational (carpentry)	23,403	15,943
Vocational (computer repair)	1,043	1,064
Vocational (cosmetology)	5,104	3,568
Vocational (drafting)		1,548
Vocational (electronics)	1,098	1,592
Vocational (graphics)	5,715	10,080
Vocational (motor vehicle)	10,537	11,387
Vocational (small engines)	1,360	21
Vocational (welding)	13,426	16,035
	$ 629,211	$ 683,910

Western School Board
Schedule of Professional Development Expenses

Year Ended June 30	2001	2000
Administrative group	$ 5,266	$ 3,340
Instructional management	26,510	22,492
Little Red School House	4,787	4,320
Non-instructional management	971	4,312
Board consultants	3,535	2,351
Teacher assistants	2,549	943
School - supervisory	2,066	858
School teachers	16,616	10,929
Transportation group	6,860	4,968
Board Office - admin support	991	1,874
Maintenance group	3,996	2,590
	$ 74,147	$ 58,977

Western School Board
Schedule of Salaries and Benefits Expenses

Year Ended June 30	2001	2000
Board supervisory	$ 673,327	$ 682,743
Board administration support	513,237	454,544
School administration support	908,510	795,158
Instructional supervisory	3,928,300	3,846,662
Instructional non-supervisory	22,989,996	21,595,159
Teacher assistants	1,806,171	1,668,560
Maintenance and operation	2,656,981	2,329,422
Transportation	2,846,922	2,944,152
	$ 36,323,444	$ 34,316,400

Note:

Board supervisory salaries include superintendent, assistant superintendents, business director and consultants.

Board administration support includes board office, clerical and secretarial staff.

School administration support includes school secretarial staff.

Instructional supervisory salaries include principals, vice-principals, department heads and co-ordinators.

Instructional non-supervisory salaries include all teaching staff excluding those listed above.

Maintenance and operations salaries include building and maintenance supervisor, janitorial staff, and maintenance staff.

Transportation salaries include transportation supervisor, bus driver staff and bus depot staff.

Retirement pay and service gratuity expenses are included in the applicable expense categories above.

Western School Board
Schedule of Maintenance and Operation Expenses

Year Ended June 30	2001	2000
Building repairs	**$ 346,904**	$ 315,245
Contract cleaning	**6,699**	25,306
Electricity	**627,252**	604,015
Employee allowances	**8,082**	5,242
Equipment and furniture repairs	**51,711**	70,927
Fire department dues	**600**	300
Fuel - heating	**878,833**	687,942
Grounds	**66,740**	71,831
Insurance	**59,875**	60,883
Miscellaneous	**39,675**	204
Non-capital equipment	**6,471**	15,831
Professional services	**8,174**	362
Property taxes	**1,348**	(1,261)
Rentals - equipment	**6,515**	10,938
Rentals - facilities	**47,956**	83,294
Security	**18,937**	13,557
Service contracts	**47,723**	64,599
Service vehicles - operating	**2,490**	6,780
Sewer charges	**21,195**	22,939
Snow removal	**116,757**	60,212
Supplies	**194,470**	147,057
Waste disposal	**61,977**	54,976
Water	**14,185**	13,094
	$ 2,634,569	$ 2,334,273

Western School Board
Schedule of Transportation Expenses

Year Ended June 30	2001	2000
Bus repairs	$ 167,180	$ 160,308
Communications	62,814	77,927
Contracted transportation	3,267	6,634
Electricity and employee allowances	3,454	2,620
Extra curricular	18,121	17,522
Fuel - diesel	326,812	270,198
- gasoline	17,182	18,349
Insurance	24,696	32,461
Miscellaneous	3,054	3,050
Non-capital equipment	2,472	1,262
Oil/lubricants	16,843	11,883
Professional services	10,477	12,294
Rental - equipment	215	15
Service contracts	876	1,103
Service vehicles - operating	3,616	1,119
Snow removal	17,422	6,760
Supplies	6,339	5,250
Tires	32,443	33,387
	$ 717,283	$ 662,142

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The Workers Compensation Board of Prince Edward Island Financial Statements

December 31, 2001

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Auditors' Report

To the Members of the Board of The Workers Compensation Board of Prince Edward Island

We have audited the balance sheet of The Workers Compensation Board of Prince Edward Island as at December 31, 2001 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2001 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Charlottetown
Prince Edward Island
January 30, 2002

Chartered Accountants

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The Workers Compensation Board of Prince Edward Island
Statements of Operations and Unfunded Liability

Year Ended December 31	2001	2000
Revenues		
Current assessments	$ 21,405,488	$ 18,464,089
Self insured employers (Note 11)	2,533,457	2,564,627
Investments (Note 5)	2,520,952	4,465,752
Recoverable administration fees and interest charges per Strait Crossing Joint Venture agreement	271,750	776,455
Recoverable administration fees and interest charges to self insured employers (Note 11)	514,111	578,954
	27,245,758	26,849,877
Expenditures		
Changes in actuarial assumptions and methodology (Note 7)	515,000	-
Expected increase and experience gains and losses (Note 7)	5,071,206	9,978,554
Claims costs incurred (Note 7)	12,630,000	12,767,280
Claims costs incurred self insured employers (Note 11)	2,533,457	2,564,627
	20,749,663	25,310,461
	6,496,095	1,539,416
Administration (Page 13)	4,630,606	4,194,897
Occupational health and safety, and other	580,159	563,424
Workers' Adviser Program (Note 10)	102,823	96,125
Loss on disposal of fixed assets	13,043	2,318
	5,326,631	4,856,764
Excess of revenues over expenditures	$ 1,169,464	$ (3,317,348)

Unfunded liability, beginning of year	$(31,088,722)	$(27,771,374)
Excess of revenues over expenditures	1,169,464	(3,317,348)
Unfunded liability, end of year	$(29,919,258)	$(31,088,722)

See accompanying notes to the financial statements.

The Workers Compensation Board of Prince Edward Island Balance Sheet

December 31	2001	2000
Assets		
Receivables (Notes 3 and 11)	$ 7,661,325	$ 7,034,829
Investments (Note 5)	56,291,379	57,551,722
Capital assets (Note 6)	2,584,277	2,826,173
	$ 66,536,981	$ 67,412,724
Liabilities and Net Fund Deficiency		
Bank indebtedness	$ 715,422	$ 5,145,304
Payables and accruals	331,423	468,406
Benefits liabilities (Note 7)	94,470,000	91,727,878
Capital lease obligation (Note 8)	196,026	282,818
Debenture payable (Note 9)	743,368	877,040
	96,456,239	98,501,446
Net fund deficiency and unfunded liability (Note 14)	(29,919,258)	(31,088,722)
	$ 66,536,981	$ 67,412,724

Contingent liabilities (Note 12)
Other matters (Note 13)

On behalf of the Board

____________________________ Chairman

____________________________ Chief Executive Officer

See accompanying notes to the financial statements.

The Workers Compensation Board of Prince Edward Island
Statement of Cash Flows

Year Ended December 31	2001	2000
Cash flow from operating activities		
Cash received from:		
Employers for assessments	$ 21,117,502	$ 18,434,406
Self insured employers for assessments	2,540,518	2,588,064
Investments and other	2,447,131	4,473,091
Strait Crossing project account	-	(3,498,128)
	26,105,151	21,997,433
Cash paid:		
To claimants or third parties on their behalf	(18,007,541)	(16,450,821)
For administration requirements and other goods	(4,746,055)	(3,851,076)
	(22,753,596)	(20,301,897)
Net cash provided by operating activities	3,351,555	1,695,536
Cash flow from investing activities		
Cash received from:		
Proceeds on sale of capital assets	11,400	2,500
Cash paid for:		
Purchase of capital assets	(59,744)	(143,810)
Net cash used by investing activities	(48,344)	(141,310)
Cash flow from financing activities		
Cash (paid for) received from:		
(Decrease) increase in bank indebtedness	(4,429,882)	3,171,502
Repayment of long term debt	(133,672)	(150,020)
Net cash (used) provided by financing activities	(4,563,554)	3,021,482
Net (decrease) increase in cash and investments	(1,260,343)	4,575,708
Cash and investments		
Beginning of year	57,551,722	52,976,014
End of year	$ 56,291,379	$ 57,551,722

See accompanying notes to the financial statements.

The Workers Compensation Board of Prince Edward Island
Notes to the Financial Statements
December 31, 2001

1. Nature of operations

The Workers Compensation Board (the Board) was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act* (the Act). The Board is responsible, in accordance with the provisions of the Act, for administering the payment of benefits to or on behalf of recovering workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Board within the guidelines established by the Act, and for administering the *Occupational Health and Safety Act*. On January 1, 1995 the current Act became effective.

The Board does not receive government funding.

2. Summary of significant accounting policies

Cash and investments
Cash and investments include cash on hand and balances with banks, net of bank overdrafts, and the Board's share of investments held in a pooled fund with the Workplace Health, Safety and Compensation Commission of New Brunswick. Bank borrowings are considered to be financing activities.

Accrued assessments receivable
At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate, therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessment is levied on a monthly basis.

Investments
Fixed term investments are carried at amortized cost. Gains or losses realized on disposal of fixed term investments are amortized on a straight line basis over a nine year period, which approximates the period to maturity.

Equity investments and option contracts are stated at moving average market value. A portion of unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equity investments, are deferred and amortized on a straight line basis over a five and four year period.

Equity investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from equities is translated at the rate in effect at the time the income is received.

2. Summary of significant accounting policies (con't)

Capital assets

Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and computer equipment under capital lease and on the declining balance basis for furniture and equipment, and computer programs and equipment. The rates used are as follows:

Building	40 years, straight line
Furniture and equipment	10%, declining balance
Computer programs and equipment	20%, declining balance
Computer equipment under capital lease	5 years, straight line

Benefits liabilities

An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and/or administrative practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease because they cannot be reasonably estimated.

Financial instruments

The Board's financial instruments consist of cash, accounts receivable, temporary and long-term investments, bank indebtedness, accounts payable, capital lease obligations, and long-term debt. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Receivables

	2001	2000
Assessments	**$ 955,611**	$ 667,625
Other	**162,140**	88,319
Self-insured employers	**202,054**	209,115
Strait Crossing Joint Venture (Note 4)	**6,341,520**	6,069,770
	$ 7,661,325	$ 7,034,829

4. Strait Crossing Joint Venture

An actuarial valuation was completed in May 2001 for the period ended December 31, 2000 to determine the benefits liabilities owing concerning the Strait Crossing Joint Venture agreement. The receivable balance at December 31, 2001 reflects the result of this adjustment and accrued interest owing on the balance calculated to December 31, 2001.

5. Investments

	2001	2000
Money market (market value - $839,932; 2000 - $1,713,941)	**$ 881,191**	$ 1,802,075
Fixed term investments (market value - $21,048,043; 2000 - $21,639,066)	**22,043,526**	23,257,381
Equities (market value - $36,032,195; 2000 - $39,299,300)	**35,773,394**	36,310,354
	58,698,111	61,369,810
Deferred realized investment gains	**(2,406,732)**	(3,818,088)
	$ 56,291,379	$ 57,551,722

Deferred realized investment gains		
Balance, beginning of the year	**$ 3,818,088**	$ 2,135,917
Realized net investment gains for the year	**487,298**	4,591,243
	4,305,386	6,727,160
Amortization to investment income	**(1,898,654)**	(2,909,072)
Balance, end of the year	**$ 2,406,732**	$ 3,818,088

Investment income		
Earned during the year, net of portfolio management expenses	**$ 1,096,392**	$ 1,494,070
Amortization of deferred realized investment gains	**1,898,654**	2,909,072
Amortization of deferred unrealized investment gains	**(474,094)**	62,610
	$ 2,520,952	$ 4,465,752

Derivative financial instruments

Certain of the Board's external investment portfolio managers may from time to time utilize derivative financial instruments where appropriate to increase portfolio diversification, reduce interest rate and foreign currency volatility and enhance overall investment returns. At December 31, 2001, no derivative financial instruments were included in the investments.

5. investments (con't)

Investment Agreement

The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of the Workplace Health, Safety and Compensation Commission of New Brunswick. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 9.2% at December 31, 2001 (2000 – 9.4%). The Board pays a fee to the Workplace Health, Safety and Compensation Commission of New Brunswick for the administration of the combined investments.

6. Capital assets

			2001	2000
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 368,460		**$ 368,460**	$ 368,460
Building	1,225,586	$ 164,504	**1,061,082**	1,085,539
Furniture and equipment	2,025,759	1,269,953	**755,806**	815,744
Computer programs	1,237,979	1,009,714	**228,265**	285,331
Motor equipment	-	-	**-**	15,102
Computer equipment under capital lease	426,668	256,004	**170,664**	255,997
	$ 5,284,452	$ 2,700,175	**$ 2,584,277**	$ 2,826,173

7. Benefits liabilities

An analysis of the components of and changes in benefits liabilities is as follows:

	Short Term Disability	Long Term Disability	Health Care	Rehabilitation	**2001** **Total**	2000 Total
Balance, beginning of year	$ 4,486,276	$ 72,968,995	$ 11,655,869	$ 2,616,738	**$ 91,727,878**	$ 82,868,238
Increase arising from change in actuarial assumptions and methodology	-	515,000	-	-	**515,000**	-
Actuarial adjustment for Strait Crossing Joint Venture agreement	-	-	-	-	-	2,542,659
Expected increase and experience gains and losses	(131,257)	2,052,519	2,683,452	466,492	**5,071,206**	9,978,554
	4,355,019	75,536,514	14,339,321	3,083,230	**97,314,084**	95,389,451
Claims costs incurred	3,948,000	4,041,000	3,551,000	1,090,000	**12,630,000**	12,767,280
	8,303,019	79,577,514	17,890,321	4,173,230	**109,944,084**	108,156,731
Less Claims payments made	4,075,019	6,236,514	4,026,321	1,136,230	**15,474,084**	16,428,853
Balance, end of year	$ 4,228,000	$ 73,341,000	$ 13,864,000	$ 3,037,000	**$ 94,470,000**	$ 91,727,878

An independent actuarial valuation of the components of the benefits liabilities as at December 31, 2001 was completed.

Changes in actuarial assumptions and methodology
During 2001 actuarial valuations certain of the assumptions and the methodology used in prior years were changed. The monetary effect is allocated as follows:

	2001	2000
Change in the assumptions surrounding lump sum benefit payments	**$ 515,000**	$ -

The monetary effect of the changes in actuarial assumptions and methodology is reflected in the applicable year that the change was adopted.

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years, they do not add to the Board's unfunded liability or its net fund deficiency.

8. Capital lease obligation

Future minimum lease payments under the capital lease of computer equipment as at December 31, 2001 are as follows:

2002	$ 127,812
2003	127,870
	255,682
Less: Amount representing	
Interest	28,072
Maintenance costs	31,584
	$ 196,026

9. **Debenture payable**	**2001**	2000
Unsecured, prime rate debenture maturing in 2006, amortized to 2006 payable in equal monthly payments of $12,502 plus interest.	**$ 743,368**	$ 877,040

Principal repayments due in each of the next five years (until maturity) are as follows: 2002 - $150,020; 2003 - $150,020; 2004 - $150,020; 2005 - $150,020; 2006 - $143,288.

10. Related party transactions

The Board is required by the Act to provide an annual grant to the Workers' Adviser Program. During the year, the Board paid $102,823 (2000 - $96,125) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid $23,587 (2000 - $11,966) to cover the operating costs of the Tribunal.

11. Self insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada and the Government of Prince Edward Island, who directly bear the costs of their own incurred claims and an appropriate share of administration expenditure. Total amounts of such assessment revenue and offsetting expenses included in the statements of operations and unfunded liability are as follows:

	2001	2000
Current assessment revenue	**$ 2,533,457**	$ 2,564,627
Administration fees and interest charges recoverable	**514,111**	578,954
	$ 3,047,568	$ 3,143,581
Claims costs incurred		
Short term disability	**$ 459,558**	$ 365,043
Long term disability	**1,427,930**	1,520,224
Health care	**602,360**	630,962
Rehabilitation	**43,609**	48,398
	2,533,457	2,564,627
Administration fees and interest charges	**514,111**	578,954
	$ 3,047,568	$ 3,143,581

12. Contingent liabilities

Claims

The Board is currently seeking clarification on Subsection 50(4) of the Act. This subsection states that:

> Where a worker is not in receipt of a permanent partial or total disability pension based on a medically assessed disability and was assessed on a wage loss benefit basis after January 1, 1992, but before the date this section comes into force, the wage loss benefits will be payable until
> (a) the loss of earnings capacity ends, as determined by the Board; or
> (b) the worker attains the age of 65 years, provided that where the worker was 63 years of age or older at the commencement of his or her loss of earning capacity, the Board may pay the wage loss benefits for a period of time not to exceed 24 months from the date of the accident.

The Board has been applying this section retroactive to January 1, 1992. The Board has been advised that the legislation which became effective January 1, 1995 is not clear as to the retroactivity to January 1, 1992. It is the Board's intention to refer the matter to the courts. The outcome of the courts' decision is not determinable. The financial implications of paying benefits to the claimants affected would be approximately $14.1 million. This amount is based on a preliminary actuarial valuation and could change when the final valuation is completed.

12. Contingent liabilities (con't)

An action had been commenced by Strait Crossing Inc., et al, disputing the amount of claim costs calculated regarding the Strait Crossing Joint Venture agreement and the related adjustment to the receivable (Note 3). The action has since been dismissed. However, the appeal period has not yet expired.

Latent occupational diseases

The Board is liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in the financial statements.

13. Other matters

Bill-15 has been passed by the Prince Edward Island Legislature to enact 28 amendments to the Act. These amendments will come into effect in April 2002. The amendments will have an impact on the financial operations of the Board. The amounts are not yet quantifiable and as such no provision has been made.

As per new guidance provided by Section 3461 of the CICA Handbook on employee future benefits, the Board is not required to accrue a liability for sick-pay benefits that accumulate but do not vest. Accordingly, a liability of $388,774 was reversed to salaries – staff members in 2000.

14. Funding Strategy

The Board has committed to a Funding Strategy which addresses the retirement of the unfunded liability as at December 31, 2001 over 20 years (2002 – 2021). Each year, a portion of the assessment revenue will be allocated to the December 31, 2001 unfunded liability. There will be a formal review of the Funding Strategy every 5 years with annual monitoring of performance. At the end of each 5 year review period, any unfunded liability or operating surplus accumulated during that period will be a consideration during the rate setting process over the next 5 year review period.

15. Comparative figures

Certain of the 2000 comparative figures have been reclassified to conform with the presentation adopted for 2001

The Workers Compensation Board of Prince Edward Island

Schedule of Administration Expenditures

Year Ended December 31	**2001**	2000
Building operating cost	**$ 115,677**	$ 112,480
Computer maintenance	**134,259**	153,996
Depreciation	**277,197**	319,351
Dues and fees	**36,543**	38,292
Interest on capital lease	**31,971**	42,298
Interest on debenture	**42,667**	54,628
Miscellaneous	**49,469**	36,794
Postage	**90,613**	110,304
Printing and office supplies	**127,756**	140,429
Professional development	**24,482**	42,264
Professional fees	**286,935**	687,111
Salaries		
Board members	**111,551**	94,356
Staff members (Note 13)	**2,669,964**	1,761,415
Benefits	**440,970**	335,678
Telephone	**82,024**	110,921
Travel	**108,528**	154,580
	$ 4,630,606	$ 4,194,897